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Reportage, Commentary on G-7 Halifax Meeting

Yeltsin Pre-Departure Comments Noted

LD1606165295 Moscow INTERFAX in English 1535 GMT 16 Jun 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, June 16 (Interfax) — Talking to journalists before his departure for the Halifax summit, President Boris Yeltsin reported that he had ordered "redoubling the strength of special troops and anti-terrorist groups" at Budennovsk.

"I doubted whether I should fly to Halifax in this situation," Yeltsin admitted. He explained his final decision to attend the summit by the fact that on the one hand, in Halifax, just as in Moscow, he would be constantly updated on all the events taking place in the Stavropol Region, and on the other hand, he needs to clarify, for the leaders of the industrialized nations, who the federal troops were fighting against in Chechnya. "The world community must finally realize who confronts the federal troops in Chechnya and what measures Russia ought to adopt to step up the fight against terrorism. Budennovsk is a grim example for them, too," Yeltsin believes.

Concerning his program in Halifax, the president stressed that "global economic issues" would interest him most of all at the summit. He noted that the extent of his participation in the Halifax meeting would be "somewhat larger than in Naples last year." This means that in Canada he will take part not only in political debate but also in the discussion of "the global economic problems concerning Russia."

These issues, he continued, relate to trade, economics, the status of such bodies as COCOM, IMF, and the world banking system. In Yeltsin's opinion, the need to restructure this system is long overdue, and he intends to put forward a number of proposals on this set of issues.

"We will raise the issue on how the developed countries can help better the poorest nations, living on the brink of poverty. We will speak about better guarantees for peace-making activity. We will suggest steps toward reforming the UN economically and otherwise," the president reported.

Asked about his vision of a world banking system reform, Yeltsin said that in his opinion it would be fair if the major banks had the right of borrowing. "I will insist on this since if the problem is tackled this way, Russia would get a good revenue this year already," the president said.

"We are going to Halifax not without problems, but compared with last year, there are noticeable changes for the better," the president continued. He noted that financial stabilization and the restraint of inflation were in evidence in Russia. "An anti-inflation budget is in the making," Yeltsin added. He reported that he had prepared a budget message to the government for next year. Yeltsin said that upon his return from Halifax, he planned to read out this message at a cabinet meeting. "There will be a number of new elements," the president said with regard to the draft of a 1996 budget.

More on Yeltsin Pre-Departure Remarks

LD1606115195 Moscow Russian Television Network in Russian 1000 GMT 16 Jun 95

[Report over video by correspondent R. Babayan; From the "Vesti" newscast]

[FBIS Translated Text] Russian President Boris Yeltsin intends to raise the issue of the tragedy in Budennovsk with the leaders of the "Big Seven" countries. The world community should unite to fight terrorism. The head of the Russian state said this today before flying to the Canadian city of Halifax to take part in the meeting with the leaders of the seven leading world superpowers. [video shows Yeltsin speaking to camera]

[Begin Yeltsin recording] I had doubts myself as to whether I should be going to Halifax at such a time. But taking into consideration that we are in constant contact with the minister — I mean the one who is there, and incidentally we spoke yesterday about doubling the forces of the special purpose detachments and groups for fighting terrorists there...[Yeltsin pauses] There is another advantage here: the world community has at last realized with whom the federal forces were fighting. [end recording]

Answering the question of journalists as to how it happened that no one knew about the intention of the bandits to attack a peaceful town, Boris Yeltsin stated: [video shows Yeltsin speaking to camera]

[Begin Yeltsin recording] I cannot speak about the final results at present. But I now have several reports from the special services, and I have a generalized, so to speak, conclusion — a draft of it. One must wait for the tragedy to end and then, of course, undoubtedly, draw conclusions — organizational conclusions. [end recording]

Then it was a question of a trip to Canada. At the G-7 meeting the Russian president intends to raise the issue of expanding cooperation with major world institutes and first and foremost with the GATT, the major banks, and also the IMF. According to the president, in Halifax Russia will be taking part in solving worldwide economic problems as the world economic discussion has now acquired orientation toward Russia. In the opinion of Boris Yeltsin, Russia's participation in Halifax will exceed by several times the amount of our participation in the last summit in Naples. [video shows an airport lounge, Yeltsin shaking hands with various people, P. Grachev, A. Kozyrev, V. Chernomyrdin, S. Filatov, S. Medvedev and others are among those seeing him off; Yeltsin and his wife ascending the steps to a plane and waving goodbye]

Yeltsin Arrival in Halifax Reported

LD1606192495 Moscow ITAR-TASS in English 1913 GMT 16 Jun 95

[By Nikolay Setunskiy, Viktor Khrekov, and Andrey Shtorkh]

[FBIS Transcribed Text] HALIFAX, June 16 (Itar-Tass) — Russian President Boris Yeltsin today arrived in Halifax where he will take part in the work of a regular summit meeting of the heads of state and government of the world's leading industrialised countries.

The Russian President had spent eight-and-a-half hours aboard his airliner which covered 6.5 thousand kilometers to bring him to the Canadian province of Nova Scotia where he will join the heads of state and government of the world's seven leading countries who began their work in Halifax on Thursday.

President Yeltsin, his wife and other Russian officials were welcomed on the tarmac of the airbase Shirewater by Brian Tobin, a Minister of the canadian Federal Government, Russian Ambassador in Canada Aleksandr Belonogov and other officials. A guard of honour was mustered on the tarmac, and the national flags of all the member-countries of the elite club of the world leaders were flying high on the masts. Canadian children handed the Russian President a card of greetings made by themselves and Nayna Yeltsin got a bouquet of flowers.

The Russian President then left for the pier where a Canadian coast guard ship was waiting to take him across the bay. The ship's captain and a minister of the province government greeted the President at the companion ladder. Boris Yeltsin signed the ship's guest book.

On the pier in the historical centre of Halifax the Russian President was welcomed by the province's chief of protocol and the chieftain of a local Indian tribe, who gave Yeltsin an Indian mascot made of eagle feathers and a white-blue-red ribbon resembling the colours of the Russian national flag.

Boris and Nayna Yeltsins then climbed in the limousine which took them to their residence.

After a brief rest, Boris Yeltsin is due to meet Canada's Prime Minister Jean Chretien for a conversation in which the summit chairman on behalf of its participants will brief the Russian President on the first day-and-a-half of the Group of Seven summit. The conversation is due to begin at midnight Moscow time.

Japan's Kono, UK's Hurd Meet

LD1606165395 Moscow ITAR-TASS in English 1627 GMT 16 Jun 95

[FBIS Transcribed Text] HALIFAX June 16 (Itar-Tass) — Japanese Foreign Minister Yohei Kono told British Foreign Minister Douglas Hurd at their meeting today that he had great doubt that Russia is going the path of democratic reforms.

Kono said Russia's approach to the Chechnya crisis made Russian democracy questionable.

Japan's Murayama on Chechnya 'Concern'

LD1606201095 Moscow ITAR-TASS in English 2003 GMT 16 Jun 95

[FBIS Transcribed Text] HALIFAX, June 16 (Itar-Tass) — The Japanese Prime Minister Tomiichi Murayama has expressed concern over the situation in Chechnya at the G-7 summit in Halifax and suggested that the participants in the summit call on Boris Yeltsin to make efforts for peaceful settlement of the crisis.

At the same time, the Japanese minister called on G-7 countries to confirm support to the politics of reforms in Russia. If Russia does not give up the policy of reforms and makes efforts to carry out reforms in its domestic and foreign policy the confirmation of support given by the G-7 to Russia will be of great importance, the Japanese Prime minister said.

Touching upon Russo-Japanese relations, Murayama said that although a territorial problem exists in the relations between the two countries, Japan offers assistance to Russia proceeding from the assumption that peace and stability in Russia are of great importance.

Paper on Opening Day of G-7 Summit

MM1606190095 Moscow KOMSOMOLSKAYA PRAVDA in Russian 17 Jun 95 pp 1, 3

[Report by Yelena Ovcharenko: "Yeltsin Wants To Be the 0.5 in the G-7"]

[FBIS Translated Text] Halifax — The opening of the summit of the heads of state and government of the major industrial countries in Halifax was preceded by mathematical debates. Someone called it the G-8, Boris Nikolayevich dubbed it the "7.5," and then U.S.

Secretary of State Warren Christopher, speaking on the eve of the opening of the summit, decided to put Russia in its place by using the formula "seven plus one."

Leaving arithmetic aside, the Russian delegation eventually agreed that the present format offers our country every opportunity for promoting its interests without at the same time demanding the fulfillment of the kind of commitments, financial ones, for example, that Russia cannot undertake right now.

Generally speaking, however, the current meeting of the elite world leaders' club has three distinguishing features when viewed in terms of our interests. This is the first time that our president has taken part in the discussion of global economic problems on equal terms with his colleagues. This summit will not treat Russia as a separate issue with the now customary oaths of loyalty to the course of democratic reforms — they are taken as a given.

And finally, Russia will attempt to present its interests in the context of global economic problems so as to prompt the partners to take steps in response. Specifically this means the need to abolish discrimination against our goods, guarantee our capital access to Western securities, and so forth. Our eminent financiers are great optimists in this regard.

As for foreign policy problems, there are hardly likely to be any sensational breakthroughs during the discussion of the chronic "complaints." Neither Bosnia nor the infamous Russian-Iranian deal are conducive to that. By all accounts President Yeltsin has flown to Halifax intent on reiterating that this example of peaceful cooperation in the nuclear energy sphere is legal and that, as for Washington's anxieties, they can be removed by making such installations more "transparent" and by means of vigilant IAEA [International Atomic Energy Agency] monitoring.

Now, as you are reading these lines, the summit has entered its second and final day of work. There will surely be a new factor to add to the foreign policy problems due to be discussed Saturday, namely the reaction to the French decision to continue nuclear tests, the gravity of which could make it the priority.

The tragedy in Budennovsk could also influence the work of the meeting: On behalf of the hosts and guests the Canadian spokesman stated in the final week of preparation for the summit that the "unpleasantness of Russia's actions in Chechnya will be made clear to President Yeltsin." Now Dudayev's men have provided our leader with a weighty counterargument.

Halifax and Dartmouth are extraordinarily pleasant places. That was bound to be the case because the choice of venue for the meetings is determined by their historic significance and beautiful setting. Boris Nikolayevich enjoyed the view as he strolled along the city's embankment. Thus day one of the summit ended. For the Russian president it lasted 32 hours.

Commentary Criticizes Yeltsin

MK1706090095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 17 Jun 95 p 1

[S.A.-signed commentary: "Dudayev as an Agent of Imperialism. In Halifax, They'll Show B.N."]

[FBIS Translated Text] The catastrophe in Budennovsk that occurred right on the eve of the G-7 meeting in Halifax gave Boris Yeltsin a hard choice. Where should a head of state be at the moment of a nationwide tragedy? With his people, among the victims of terror? Or in the unruffled company of the world's bosses who are, of course, nice guys — but in this case, nothing depends on them.

Recall what Western leaders do in similar circumstances. America went through a similar shock just a few months earlier. Bandits blew up a federal office building in Oklahoma. At that time, President Clinton not only spoke to the country live (not through his press service) but personally visited the site of the terrorist act. Simply to raise spirits, to show that the head of the nation feels pain together with his voters.

In Budennovsk, Yeltsin's presence would have been immeasurably more important than Clinton's presence in Oklahoma City. First, there are hostages, very many hostages. Second, the terrorists made their release conditional on purely political demands in the starkest form. Importantly, the circumstances of taking hostages practically rule out an armed action by federal forces. And the peak of absurdity: negotiations with the captors are being conducted by second-role persons of the local administration whom no one knows and who do not have even minimum powers.

One would hope that the innocent people would have been rather promptly released had the president given his word of honor to meet with Dudayev or the devil himself. The monarch's hurt self-esteem ("no negotiations with the bandits") would have been a puny price to pay for a happy ending. The seizure happened the afternoon of 14 June, and by the evening the situation was absolutely clear. If he wished, Yeltsin could have managed to visit both Budennovsk and Halifax. Had he lingered in Stavropol, would not his opposite numbers have waited? That precisely would be real proof of how Russia is assessed and respected in the world.

So, there was an alternative. And Boris Nikolayevich made his choice. Before he left Moscow, he stated that he intended to raise the question of the Budennovsk tragedy with the "Seven." A more inappropriate party can hardly be picked if you care for what you do instead of keeping up appearances.

The impression is that the Russian leadership has finally taken leave of their sense of reality. One can hardly interpret the "subtle" propaganda move toward Halifax snappily devised in the corridors of power after Budennovsk. Several Foreign Ministry statements almost openly blame Western politicians, public, and other liberal scum for their "failure to understand deeply the reasons ("for the Chechen crisis"), due to which "they have embarked on the road of moralizing." Read: unlike you, we clever guys assessed everything precisely right from the start and acted correspondingly. So, kindly acknowledge that we are right.

But this is not all. Becoming inspired by the role of a fighter against terrorism and by stability on a global scale, Russia is getting ready to put forward in Canada its own large-scale proposals on this score. Thereby justifying, as it were, its promotion from the status of a specially invited guest to that of an associate member, and later, a full-fledged member of G-7 conferences.

The West's initial reaction, however, leaves no illusions on this score. Judging by statements of the host country's representatives, people there do not regard what happened in the Northern Caucasus as a show of the Kremlin's state wisdom at all. This is only yet more proof that a solution to the crisis lies only in peace talks with the irreconcilable Chechens. Such a position will be stated to the president of Russia on behalf of the "Seven" when Canada Premier Chretien briefs Boris Yeltsin upon his arrival in Nova Scotia on the results of discussions held in his absence.

An even more unpleasant development is not ruled out. Clinton will take advantage of the Budennovsk tragedy and demand, as Russia's contribution to ensuring global stability, that Russia cease all relations with the Middle East regimes that spawn international banditry. Was it not Russia's similar connivance with internal enemies that has cost it both difficulties in Groznyy and fresh victims in Budennovsk?

Yeltsin Meets Canadian Premier 16 Jun

LD1706120595 Moscow ITAR-TASS in English 1146 GMT 17 Jun 95

[FBIS Transcribed Text] HALIFAX June 17 (Itar-Tass) — Russian President Boris Yeltsin met Canadian Prime Minister Jean Chretien here on Friday. The Canadian cabinet head informed the Russian president at a 30-minute meeting of the discussion on economic issues, held in the framework of the G7 summit, and of the content of a statement taken on the results of the discussion.

According to earlier reports, Yeltsin participates in the political discussion at the Halifax summit and plans to consider global economic issues with the Western leaders.

At the same time, the economic discussion where the G7 leaders examined issues concerning, above all, their own relations, was held without Russia's participation.

Yeltsin, Chirac Discuss Bosnia

LD1706122995 Moscow ITAR-TASS in English 1208 GMT 17 Jun 95

[By Nikolay Setunskiy, Viktor Khrekov, Andrey Storch]

[FBIS Transcribed Text] HALIFAX June 17 (Itar-Tass) — Bosnia and the rapid reaction forces were central subjects of the Friday working meeting of presidents Boris Yeltsin and Jacques Chirac.

Presidential international affairs aide Dmitriy Ryurikov told a briefing that the newly elected French president laid out to the Russian leader details of the rapid reaction forces concept.

Chirac stressed that the forces would not take sides or oppose a specific party in the Bosnia conflict.

Their purpose is protection of U.N. peacekeepers and personnel from unforeseen actions of the conflicting parties.

Ryurikov said Yeltsin voiced an understanding of France's stance, adding, however, that practical ability of the forces to act in the volatile former Yugoslavia remains to be seen.

Ryurikov said Yeltsin and Chirac did not touch on the subject of France's plan to resume nuclear tests.

The presidential aide said the reform of the U.N. Security Council was indirectly discussed during bilateral meetings of Yeltsin, but the issue will be considered in detail in the summit's political debate ahead.

Yeltsin Attends Halifax 16 Jun Dinner

LD1706132995 Moscow ITAR-TASS in English 1243 GMT 17 Jun 95

[By Nikolay Setunsky, Viktor Khrekov, Andrey Shorch]

[FBIS Transcribed Text] HALIFAX June 17 (Itar-Tass) — A dinner with G7 leaders finished the first day of Russian President Boris Yeltsin at the Halifax summit.

Only delegation leaders and their interpreters were present at the dinner.

Sources in the Russian delegation told Itar-Tass that the delegation pinned special hopes on the formal meeting concluding the second day of the Halifax summit.

Yeltsin was expected to discuss at the dinner global economic issues with his Western counterparts.

The Russians see the discussion as a breakthrough event as the Russian president was for the first time invited for it to lay out Russia's view on international financial and trading organisations and Russia's part in them.

Confidentiality of the talk leaves its details uncertain.

However, Russian Economics Minister, personal representative of Yeltsin at the G7 summit Yevgeniy Yasin told reporters that economic issues were the focus of the Friday [16 June] meeting of Yeltsin with Canadian Prime Minister Jean Chretien. Chretien informed the Russian president about the work which G7 had done prior to Yeltsin's coming and about the communique which capped the summit's economic discussion, including on Russia. Yasin said the Russian president raised during the talk with Chretien the question of special borrowing rights for Russia.

Yeltsin wanted to know whether Russia would have access to this source of international loans which might add to the Russian budget some 1.5 billion dollars. However, he was told by Chretien that the communique did not specify this point because of controversial stances of G7 nations on it.

Yeltsin accepts with an understanding the fact that Russia was not given a full say in the summit's econimic discussion, Yasin said.

However, the Russian president voiced hope that Russia's economic progress would entitle it for a part as full as Russia has in the political discussion of G7 over more than a year.

Presidential economics aide Aleksandr Livshits told Itar-Tass that the global rescheduling of Russia's foreign debt is Moscow's key concern at the present summit.

Yeltsin asked Chretien to back Russia on this point. Chretien said the comprehensive debt rescheduling met an understanding of G7 leaders.

However, the rescheduling deadline and the "long-term" definition are absent from the economic discussion's communique because the G7 leaders had different stances on the matter.

Russia wants 20-25 years to redeem its debts and confirm its rights as a debtor and a lender, but not all G members agree to it.

Yeltsin: Agreement on Rescheduling Debt

LD1706141295 Moscow ITAR-TASS World Service in Russian 1323 GMT 17 Jun 95

[By ITAR-TASS special correspondent Andrey Shtorkh]

[FBIS Translated Text] Halifax, 17 Jun — Agreement was reached at a working supper on Friday evening on the rescheduling of Russia's foreign debts over the next 20-25 years, Boris Yeltsin told Russian journalists.

Communique Adopted 16 Jun

LD1706122895 Moscow ITAR-TASS in English 1207 GMT 17 Jun 95

[By Nikolay Setunskiy, Viktor Khrekov and Andrey Shtorkh]

[FBIS Transcribed Text] HALIFAX June 17 (Itar-Tass) — The G-7 final communique adopted by consensus here on Friday, expresses support for the course of reforms in Russia.

The document says that the G-7 leaders were inspired by Russia's confirmed commitment to financial stabilisation and economic reforms.

The communique notes further that continued political reform is also necessary.

The G-7 leaders expressed belief that the stable political, governed and legal atmosphere as well as development of a modern financial sector coupled with complete implementation of political measures, spelled out in an agreement recently signed by the IMF, will ensure Russia's economic revival.

The leaders welcomed the Paris Club agreement of June 3 to reschedule Russia's debt and agreed that an all-embracing and multilateral settlement of the Russian state debt is needed. The communique also points to Russia's interest in cooperation with the Paris Club on the basis of close interaction.

The document recognises progress achieved by many countries in switching over to democratic societies based on market principles.

The G-7 leaders expressed support for economic reforms in countries with transition economies and their integration in the global trade and financial systems. The leaders recognised those countries' need for improving an access to markets, the communique stresses.

Leaders To Join Forces Against Terrorism

LD1706152895 Moscow ITAR-TASS in English 1331 GMT 17 Jun 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] HALIFAX, June 17 (Itar-Tass) — Russian President Boris Yeltsin said on Saturday the G-8 leaders agreed to join forces to fight terrorism and organised crime.

In an interview with Itar-Tass, Yeltsin said the decision had been promoted by the bloody tragedy in the southern Russian town of Budennovsk where Chechen terrorists had seized hundreds of hostages and killed dozens of people.

"Only by joining our forces will we be able to fight the wave of gangsterism," Yeltsin said.

Yeltsin Cited on Budennovsk Situation

LD1706174995 Moscow Russian Television Network in Russian 1600 GMT 17 Jun 95

[FBIS Translated Excerpt] [Passage omitted] In the past few hours the presidents and prime ministers could not help talking about the terrible events in Budennovsk.

[Begin recording] [Translator for Yeltsin] Will you make any further attempts to free the hostages?

[Yeltsin] Yes, certainly. Only 160 have been released so far, and there are a thousand of them. [end recording]

At working dinner yesterday, the presidents and prime ministers also spoke about the fact that the crisis in Chechnya in general is the main obstacle in the way of Russia joining the G-7.

Boris Yeltsin is not staying long in Canada. He is leaving shortly, after a brief meeting with President Clinton. Nonetheless, because of the events in Budennovsk, there were doubts in Russia whether it was at all advisable for him to go on this visit.

The traditional annual meeting of the leaders of the world's major countries is described as economic summit talks. This time in Halifax, however, as we expected, the problems of security and politics came to the forefront. The main topic for the G-7 meeting turned out to be the Bosnian crisis.

Apart from Boris Yeltsin, who is giving interviews here to journalists preselected by the presidential press secretary, all other leaders, of course, gave open news conferences. The news conferences began with discussions of economic matters but invariably ended in discussions on Yugoslavia, terrorism and nuclear smuggling. [passage omitted]

Yeltsin Quoted Before Meeting Clinton

LD1706195795 Moscow ITAR-TASS in English 1946 GMT 17 Jun 95

[By Nikolay Setunskiy, Viktor Khrekov, and Andrey Shtorkh]

[FBIS Transcribed Text] HALIFAX, June 17 (Itar-Tass) — Russian President Boris Yeltsin expressed satisfaction that U.S. President Bill Clinton met his concern about Chechnya and the terrorist act in Budennovsk with understanding.

He said over 200 hostages had been freed by Russian troops on Saturday as a result of two attacks on the hospital where the terrorists have been holding about 1,000 people hostage since Wednesday [14 June].

"I keep in touch and know the situation" in Budennovsk, Stavropol region, he said.

The president stressed as he addressed journalists before his meeting with Clinton that "this example should make you understand that Chechnya is the center of world terrorism, bribery, corruption and Mafia-like criminality and we had no other choice but to either bring to justice or destroy these bandits."

Criticizes Duma on Cutting Trip Short

LD1706205395 Moscow ITAR-TASS in English 2030 GMT 17 Jun 95

[By Nikolay Setunskiy, Viktor Khrekov, and Andrey Shtorkh]

[FBIS Transcribed Text] HALIFAX, June 18 (Itar-Tass) — Russian President Boris Yeltsin criticised on Saturday the State Duma's decision obliging him to cut his Halifax trip short and return to Moscow over the bloody drama in Budennovsk.

This would be a "mistake because I myself would have become a hostage of these bandits," the Russian leader told journalists before talks with U.S. President Bill Clinton.

Yeltsin stressed that the tragedy in Budennovsk has dramatically changed the attitude of the international community towards the events in Chechnya.

"Yesterday, we had a whole discussion on this topic and all agreed" that this should be included in the communique and that join efforts are needed to fight terrorism and organised crime, he said.

He expressed satisfaction with the fact that Clinton met his concern about Chechnya and the terrorist act in Budennovsk with understanding.

Yeltsin said over 200 hostages had been freed by Russian troops on Saturday as a result of two attacks on the hospital where the terrorists have been holding about 1,000 people hostage since Wednesday.

The president noted that "this example should make you understand that Chechnya is the center of world terrorism, bribery, corruption and Mafia-like criminality and we had no other choice but to either bring to justice or destroy these bandits."

Yeltsin, Clinton Meet 17 Jun

LD1706201495 Moscow Russian Television Network in Russian 1900 GMT 17 Jun 95

[Video report by correspondent Yegor Piskunov with recorded comments by President Boris Yeltsin made at the G-7 summit in Halifax; from the "Vesti" newscast]

[FBIS Translated Text] [Piskunov] Right now a meeting is taking place in the Canadian city of Halifax, in the Russian president's residence, between Boris Yeltsin and Bill Clinton. The two countries' presidents have expressed their satisfaction with the progress of the discussions held during the summit meeting of the leaders of the world's major countries. Bill Clinton noted that Russia's participation in all the key meetings on the most important global political issues had made it possible to discuss them comprehensively and to reach the right decisions. This was particularly important with regard to the Bosnian issue. The U.S. President stressed that the West continues to support economic reforms in Russia, and is prepared in principle to accept it as a member of the prestigious club of G-7 states. The problem of Chechnya, however, remains a serious obstacle — though the events of the last few days in Budennovsk have demonstrated how important the problem of combating international terrorism is.

[Yeltsin, shown sitting in a chair next to Clinton, gesticulating wildly] When yesterday I told the members of G-7, and then confirmed today, what these gangsters were doing, everyone changed their opinion and realized that is precisely the way to treat them, because they are crazed gangsters.

[Piskunov] Shortly before his departure for Moscow, Boris Yeltsin intends to hold here in Halifax, in his Citadel residence, a meeting with Russian journalists, at which he is going to analyze the results of the summit. It will be late night in Moscow by then, so you will probably see a report from this meeting tomorrow, by which time the Russian president will be back home. [video shows Yeltsin and Clinton shaking hands, waving to reporters on their way to meeting; sitting side by side each under his national flanked by their interpreters. Correspondent speaking into camera outside Yeltsin's residence]

Outcome of Yeltsin-Clinton Talks

LD1706230895 Moscow ITAR-TASS World Service in Russian 1909 GMT 17 Jun 95

[By ITAR-TASS correspondents Nikoilay Setunskiy, Viktor Khrekov, Andrey Shtorkh]

[FBIS Translated Text] Halifax, 17 Jun (ITAR-TASS) — A working meeting between Russian President Boris Yeltsin and U.S. President Bill Clinton has taken place in Halifax. Speaking to journalists before the meeting, the Russian head of state said that, according to the latest reports from Budennovsk, the storming of the hospital was under way and over 200 hostages were freed as a result. The operation is continuing. "I am constantly in contact, I know the situation, and I am in consultation with military commanders," Boris Yeltsin emphasized.

Addressing the journalists, the head of the Russian Federation said: "This example should once again prove to you that Chechnya is a center of international terrorism, bribery, corruption, and Mafia. Therefore, we could not do anything else to somehow bring these gangsters to book or destroy them." Boris Yeltsin noted that not everyone in the world "understood the situation, and some mass media failed to understand it, too. I am pleased that my friend Bill Clinton has understood me, even though he has been under pressure from the Congress, and yet he has stood firm."

Yeltsin Agrees to Dudayev Exile

LD1706191095 Moscow ITAR-TASS in English 1833 GMT 17 Jun 95

[FBIS Transcribed Text] HALIFAX, June 17 (Itar-Tass) — Chechen separatist leader Dzhokhar Dudayev has asked Turkey for "political protection" and received a positive reply, Russian President Boris Yeltsin said during his meeting with U.S. President Bill Clinton in Halifax on Saturday.

"We agree that he go anywhere and as far from Russia as possible," Yeltsin said.

Turkey Denies Asylum for Dudayev

LD1806190595 Moscow ITAR-TASS in English 1814 GMT 18 Jun 95

[By Andrey Palaria]

[FBIS Transcribed Text] ANKARA, June 18 (Itar-Tass) — The Turkish Foreign Ministry said on Sunday that Chechen separatist leader Dzhokhar Dudayev did not apply for political asylum in Turkey.

The comment followed Russian President Boris Yeltsin's statement in Halifax, Canada, on Saturday that Dudayev has asked Turkey for "political protection" and received a positive reply.

The ministry said in a statement that the Russian president was provided with untrustworthy information.

Turkey has repeatedly stated its position with regard to the Chechen settlement within the framework of Russia's territorial integrity and respect for human rights, including in a message to President Yeltsin sent by President Suleyman Demirel and Prime Minister Tansu Ciller on December 17, 1994, the statement said.

The Turkish Foreign Ministry condemns the terrorist act in Budennovsk and the resulting loss of live and hostage-taking and urges Russian special services to pay more attention to the safety of civilians, the statement said.

Yeltsin Meets Murayama at Dinner

LD1806075495 Moscow ITAR-TASS in English 0649 GMT 18 Jun 95

[FBIS Transcribed Text] HALIFAX, June 18 (Itar-Tass) — Russian President Boris Yeltsin today thanked the Japanese people and the government for the help they provided to victims of the most devastating earthquake in Sakhalin. He said this during a brief talk with Japanese premier Tomiichi Murayama at the official farewell dinner after the official closure of the summit meeting of the world's leading industrial nations' heads of state held in the Canadian city of Halifax.

The head of the Japanese government, in his turn, expressed gratitude to Russia for the help provided to residents of Kobe and Osaka cities, who also suffered as a result of a destructive earthquake in January this year.

Yeltsin on Bosnia, Budennovsk, NATO

LD1706234095 Moscow ITAR-TASS World Service in Russian 2157 GMT 17 Jun 95

[By ITAR-TASS special correspondents Nikolay Setunskiy, Viktor Khrekov, Andrey Shtorkh]

[FBIS Translated Text] Halifax, 18 Jun — The bombings in Bosnia have done nothing but to embitter the Serbs and provoke them into making retaliatory strikes, and today war is again raging there, Russian President Boris Yeltsin told a news conference before leaving Halifax, where he had attended the meeting of the leaders of the world's leading industrial countries. Russia has a common position on this issue with France and other members of the UN Security Council and we intend to prevent any further bombings, he stressed.

Answering a question about the deployment of rapid reaction forces in Bosnia, the Russian president said they should first be approved by the United Nations. In his opinion, these forces should be part of the "blue helmets" contingent and not become a separate unit.

Boris Yeltsin said that of late he had often been meeting with U.S. President Bill Clinton since there were many questions to be discussed. In particular, "although today was now the third round of the talks on NATO, I still did not agree to the expansion of the bloc in the direction of Central and Eastern Europe," he stressed.

The president of the Russian Federation was asked questions concerning the latest events in Budennovsk. The situation in the town, Yeltsin said, has graphically shown the Western world what Chechnya is all about. Under Dudayev it was turned into a center of world terrorism. Clinton also agreed with that: Budennovsk has shown him that the Dudayevites were veritable bandits for whom nothing is sacred. In the light of the latest events the question of fighting terrorism has become more acute. Members of the "Seven" were convinced that this problem cannot not be tackled in isolation especially on such a large scale as in Oklahoma, Tokyo, and Budennovsk. We need to unite our efforts and create special international subunits that will fight manifestations of terrorism. We are obliged to help each other.

President Yeltsin spoke of his bilateral meetings with participants of the Halifax summit, stressing that they were all interesting and useful. In particular, French President Jacques Chirac had supported the Russian President's initiative to place on the agenda a separate question on the safety of nuclear installations and debate it in Moscow in the spring of next year. One should just consider which other countries are worth inviting for the discussion and solution of these major issues, and one has in mind those states who have unsafe nuclear stations and that are coming up against questions of transport and storage of nuclear waste.

Boris Yeltsin said that the first problem that he will tackle on his arrival in Moscow was Budennovsk. "On the journey, in the plane, I will be in constant touch, but I already know that I have several reports on my desk." One must find out why such a tragedy became possible, who is to blame for the situation that has come about. Only after that will organizational conclusions be drawn.

Further on Yeltsin News Conference

BR1906133895 Milan CORRIERE DELLA SERA in Italian 19 Jun 95 p 5

[Report by Luigi Ippolito on remarks by President Boris Yeltsin to reporters in Halifax on 18 June: "Yeltsin: No More NATO Air Raids"]

[FBIS Translated Text] Yeltsin was pleased and in a good mood, convinced that he had achieved a major diplomatic success. This is how the Kremlin leader presented himself to a group of journalists after the end of the summit and before leaving for Moscow. "Unlike the Naples summit," the president said, "this one in Halifax gave Russia broader opportunities to take part in the discussions." But Yeltsin was also keen to specify that he did not attend the G-7 summit in the guise of the poor relative: "I spoke sharply to the Western nations on the majority of issues," the president said, with a wink to the Russian public. "Nevertheless, taking account of our personal relations, I believe that we will reach agreement on the main problems."

[Correspondent] The Halifax summit was dominated by the tragedy in Bosnia. On the very eve of the summit Russia abstained in the UN vote on sending out the Rapid Reaction Force. This caused people to believe that there was a further disagreement with the Western nations in the assessment of the crisis. What is Moscow's present position?

[Yeltsin] The NATO bombardments were a gross mistake, which merely provoked the anger of the Serbs and Muslims and prompted them to undertake military actions. How is it possible, against such a background, to persuade them to engage in political negotiations? We have just reached an agreement with Jacques Chirac and others for the Security Council never again to authorize further bombardments of Yugoslav territory.

[Correspondent] Another issue that caused friction with the Americans and Europeans is NATO's enlargement eastward. Russia has always opposed it, though by subsequently agreeing to join the "partnership for peace" it seemed to be indicating a softer stance. Did any changes occur during the meetings in Halifax?

[Yeltsin] No, this time too, and it is already the third time, I said that I disagree with NATO's extension through the inclusion of the central and eastern European countries.

[Correspondent] Chechnya has always been the stone guest in relations with the West in recent months. And the Halifax summit was accompanied by the bloodthirsty pictures from Budennovsk. How much impact did this tragic situation have on the talks?

[Yeltsin] This was the crucial test for the West, which must realize that Chechnya is a center of international terrorism. I am sure that I convinced Clinton and the other members of G-8 that there are actual bandits fighting on Dudayev's side. During the summit we reached agreements to increase international cooperation in the struggle against terrorism and organized crime. I also proposed the establishment of special international antiterrorist units. We must help each other. The events in Budennovsk served to convince all members of G-8 that none of us can resolve the problems of terrorism merely on the basis of our own strength. Especially at a level such as that of the recent events in Oklahoma City and in Japan or the current events in Budennovsk.

[Correspondent] The Halifax summit also provided an opportunity to take stock of the world economic situation. In the past Russia has complained about not being admitted on an equal status to the economic talks. What happened this time? Will there be any concrete repercussions for the situation in Russia?

[Yeltsin] In Halifax we took part in the talks on global economic problems. About 80 percent of the whole time available was devoted to the discussion of Russia's proposals. As for actual economic effects in our country, I believe that the most important result is the long-term rescheduling of Russia's foreign debt. Before, we used to have to go to the Paris Club every year to persuade them to postpone our debts. Now it has been decided to reschedule Russia's debts over a 25-year period. The second very important result concerns Russia's admission to the world financial and economic institutions — the World Trade Organization, the OECD, and others. I consider this a major victory.

[Correspondent] One of the conclusions in Halifax was the decision to hold a summit in Moscow next spring, devoted to nuclear security.

[Yeltsin] The idea came to me after reading the summit's economic communique, which expresses anxiety over this issue. The Moscow meeting will be attended by the G-7 leaders but also by other nations that have nuclear security problems. We need concrete decisions, and these decisions must be adopted in Moscow.

Yeltsin Leaves Halifax for Moscow

LD1706214695 Moscow ITAR-TASS World Service in Russian 2142 GMT 17 Jun 95

[By special correspondents Nikolay Setunskiy, Viktor Khrekov, and Andrey Shtorkh]

[FBIS Translated Text] Halifax, 18 June (ITAR-TASS) — Russian President Boris Yeltsin, together with his wife and entourage, has just left for home following the summit of heads of state of the leading industrial nations in Halifax.

Interior Ministers Sign Agreements in Tbilisi

LD1606215695 Moscow ITAR-TASS World Service in Russian 1359 GMT 16 Jun 95

[By ITAR-TASS correspondent Albert Kochetkov]

[FBIS Translated Text] Tbilisi, 16 Jun (ITAR-TASS) — Russia, Armenia, Azerbaijan, and Georgia have agreed to resume railway communication via Abkhazia between Veseloye (Krasnodar Territory) and Samtredia (Georgia). A document to this effect was signed at a conference of the CIS interior ministers which ended here today. All trains travelling across the Transcaucasian region will be protected by the interior troops.

In addition to this, the interior ministers signed several multilateral agreements on coordinating the measures of law enforcement bodies in the CIS aimed to combat economic crime, drug trafficking, and illegal circulation of money.

Out of the eight documents prepared for signing, only four were actually signed.

Collective Security Council Chief Interviewed

MM1906103695 Moscow KRASNAYA ZVEZDA in Russian 15 Jun 95 p 2

[Interview with Gennadiy Shabannikov, general secretary of the Collective Security Council, by unnamed questioner; date and place of interview not stated: "To Maintain Stability of Peace" — first two paragraphs are introduction]

[FBIS Translated Text] The 26 May Minsk summit meeting examined the documents of the Collective Security Council. What kind of organization is this? [signed] Captain Vladimir Kireyev, Smolensk.

These and other questions are answered by Collective Security Council General Secretary Gennadiy Shabannikov:

[Shabannikov] The Collective Security Council is the supreme political organ of the states adhering to the Collective Security Treaty signed 15 May 1992 in Tashkent. The tasks which the Collective Security Council must resolve include the examination of questions connected with ensuring the fulfillment of this treaty; the holding of consultations with a view to coordinating the positions of the member states if a threat arises to the security, territorial integrity, and sovereignty of one or several signatory states or if there is a threat to international peace and security; the elaboration of measures to improve the management of the defense of the signatory states; the examination of questions of granting the necessary aid including military aid to a signatory state subject to aggression from any state or group of states; the taking of steps which it deems necessary to maintain or restore peace and security (reports of such measures are immediately sent to the UN Security Council); the coordination of the signatory states' activity on the main avenues of mobilization training of the armed forces and economic structures; the elaboration of recommendations for the main avenues of military-technical policy, and the provision of weapons and military equipment for the armed forces of the signatory states.

[KRASNAYA ZVEZDA] Who are signatories to the treaty and who belongs to the council?

[Shabannikov] The initial members of the Collective Security Treaty were the six states which signed the treaty: the Republic of Armenia, the Republic of Kazakhstan, the Republic of Kyrgyzstan, the Russian Federation, the Republic of Tajikistan, and the Republic of Uzbekistan. In 1993 the Republic of Azerbaijan, the Republic of Georgia, and the Republic of Belarus acceded to the treaty. In accordance with the Collective Security Treaty the Collective Security Council has been joined by the Collective Security Treaty signatory states and the commander in chief of the CIS Joint Armed Forces. Since the formation of the Joint Armed Forces Main Command in 1993 and the staff for the coordination of the CIS states' military cooperation the Collective Security Council composition has been revised. In accordance with the decision of the heads of the Collective Security Treaty signatory states adopted 24 December 1993, the Collective Security Council includes the heads of state, foreign ministers, and defense ministers of the signatory states and the general secretary of the Collective Security Council. The Collective Security Council's supreme consultative organs are the council of foreign ministers for questions of coordinating domestic and foreign policy and the council of defense ministers for questions of coordinating military policy and military organizational development which include, respectively, the foreign ministers and defense ministers of the Collective Security Treaty states.

[KRASNAYA ZVEZDA] And what is the role of the Collective Security Council general secretary?

[Shabannikov] The Collective Security Council general secretary is appointed from the ranks of civilians. He is assigned the holding of political consultations, the coordination of the Collective Security Treaty states' positions on military questions, the preparation of council sessions, and the generalization of questions for discussion and decision; on instructions from the Collective Security Council he represents it in relations with heads of state, international organizations, and the mass media, and represents the signatory states' common interests on questions of collaboration with NATO and other military-political groupings, blocs, and alliances, and he leads the work of the Collective Security Council Secretariat.

ITAR-TASS Carries Press Review for 17 Jun

LD1706102595 Moscow ITAR-TASS in English 0713 GMT 17 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, June 17 (ITAR-TASS) — Today's Russian newspapers concentrate on the situation in Budennovsk where Chechen terrorists took and are holding hundreds of hostages from among local residents, medical personnel and patients of the city hospital.

All newspapers describe in detail a news conference by ringleader of bandits Shamil Basayev, one of the most notorious field commanders of Chechen separatist leader Dzhokhar Dudayev. The ROSSIYSKIYE VESTI newspaper pays attention to his words that the aim of terrorists was not Budennovsk but Moscow.

The KOMSOMOLSKAYA PRAVDA newspaper runs its report from the news conference under the following title: "We would have captured the Kremlin, despite security troops headed by Korzhakov".

The action by Basayev's group, the article says, "is not the only operation by Dudayev's agonysing [as received] regime, as it was described by the Federal Security Service. It is the first out of a series of terrorist and saboteur acts provided for in a concept of transferring to guerilla warfare".

The PRAVDA newspaper, forecasting "political storms after the tragedy", discusses responsibility of authorities for the tragedy in the Stavropol territory. The newspaper informs its readers that 108 members of the State Duma (Russian parliament lower house) sent a statement to the chamber's Council (consultative body of the lower house representing all parliamentary groups), expressing no-confidence in the government.

The IZVESTIYA newspaper reports that, on an instruction from the Communist and Agrarian parliamentary groups, Russian Communist Party leader Gennadiy Zyuganov offered deputies "the list of an alternative government body which, according to his idea, could take power in Russia into its own hands if the present regime cannot control the situation".

KOMSOMOLSKAYA PRAVDA is sure that the tragedy in Budennovsk has become a prologue to changes in Russian politics. "Disputes are underway about the essence of these changes," the daily notes.

"Will the Kremlin declare a state of emergency? Will the tragedy be followed by resignations of power-wielding ministers, about which talk was in the air for at least one year? How do the authorities intend to draft their North Caucasian policy?"

"Only one conclusion can be drawn for the time being," KOMSOMOLSKAYA PRAVDA sums up its thoughts. "The price has turned to be very terrible for unwise nationality 'policy'."

IZVESTIYA echoes KOMSOMOLSKAYA: "There is no pardon for bandits. Nor there is any pardon to those who put under gunfire civilians".

The army newspaper KRASNAYA ZVEZDA writes that "the events in Budennovsk undermine confidence of population in an ability of law enforcement bodies to protect unarmed people. Such events may instigate a flare of violence against Caucasians.

"The task of the government, the president and the State Duma is to prevent racial strife. However, much will depend on how the main task of the day will be resolved: rescue of hostages," stresses the daily.

Commenting on the summit in Halifax, KOMSOMOLSKAYA PRAVDA writes that the present meeting of the elite club is key-noted for "three distinguishing features from the viewpoint of Russian interests.

"Our president is discussing global economic problems on equal terms with his counterparts for the first time. The summit will not hear a separate topic about Russia with trite oaths of allegiance to the course of democratic reforms, that is they will be accepted as a present-day reality.

"Last but not least, Russia will make an attempt to put its interests in line with global economic problems in order to prod partners for reciprocal moves. We have in mind the need for repealing discriminatory attitude to our goods and access of our capital to Western securities," the newspaper stresses.

Kozyrev Defends Yeltsin Trip to Halifax

LD1606214695 Moscow Russian Public Television First Channel Network in Russian 2057 GMT 16 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Text] The Russian president did not talk to the press on Friday. Foreign Minister Andrey Kozyrev answered questions for Russian Public Television:

[Begin recording] [Unidentified correspondent] What arguments can you put forward in favor of the president coming here after what has happened?

[Kozyrev, interviewed on street] Well, I think the main argument is that the terrorists are hoping to paralyze internal and foreign policy, and we cannot allow this. So turning down a big meeting like this, which for Russia has not a symbolic but a very concrete meaning — entry into world politics as equals and into the world economy — world economic issues will be discussed for the first time — this is where the terrorists are trying to trip us up, and it would be strange to trip here.

[Correspondent] Please tell us to what extent you think the president is informed of what is happening there now, now that he is here in Canada?

[Kozyrev] I know that he is updated hourly on this; he was following it on the aircraft, and now. Another question is... [camera pans to Yeltsin arriving around a corner, Kozyrev is drowned out by applause] [end recording]

Foreign Ministry: Resolution on Bosnia 'Too Hasty'

LD1706151995 Moscow INTERFAX in English 1256 GMT 17 Jun 95

[FBIS Transcribed Text] Moscow, June 17 (INTERFAX) — At a session of the UN Security Council in New York on June 16, Russia abstained from voting on a resolution to reinforce the UN Protection Force and give it a rapid deployment function. The resolution was endorsed, says a Russian Foreign Ministry's statement received by INTERFAX on Saturday.

The document notes that Russia "as a country, having military contingents in the peace-keeping forces in Croatia and Bosnia is interested in curbing degrading or hostile actions against UN personnel no less than others."

At the same time, "the impression that rapid deployment forces are allegedly directed against one of the Bosnian sides has not been avoided in the draft," the source notes.

"Fully sharing indignation over inadmissible actions by the Bosnian Serbs, we cannot help noticing that the government of Bosnia-Herzegovina bears responsibility for provocations, breaches of agreements, and direct attacks on UN Protection Force," the statement underlines.

On the same day when the resolution was adopted, the document says, the government forces of Bosnia-Herzegovina launched a massive offensive on Sarajevo and put "the safety and life of the peace-keeping personnel at risk." As has been learned, they captured an observation post of the Russian contingent.

Russia's proposal to express concern to this effect in the resolution was ignored, the statement notes.

The Russian Foreign Ministry regards the adoption of the resolution as "too hasty."

Diplomat Urges Measures To Stop Balkan War

MK1706071095 Moscow SEGODNYA in Russian 17 Jun 95 p 1

[Report by Vladimir Abarinov under the "Smolenskaya Square" rubric: "The Russian Foreign Ministry Disapproves of Muslims"]

[FBIS Translated Text] According to information available to the Russian Foreign Ministry, the Muslim offensive to the north of Sarajevo is of a local character. A Russian diplomat directly involved in the settlement process in Yugoslavia told SEGODNYA correspondent yesterday that government troops, in all probability, will not be able to raise the siege. The diplomat made disapproving comments on the government forces' actions and said they would fail to lead to "any good results." At the same time, he emphasized that it is equally impossible to put up with the continuing Sarajevo siege and provocations made, including those against UN peacekeepers.

In the Russian diplomat's opinion, energetic measures need to be taken now to prevent the "negative scenario" that will become most probable in November when the mandate of UN forces in Croatia expires. The diplomat noted that "nobody has rejected the contact group's plan."

Situation of Russian Hostages in Bosnia Viewed

LD1606162195 Moscow ITAR-TASS World Service in Russian 1546 GMT 16 Jun 95

[By ITAR-TASS correspondent Andrey Naryshkin]

[FBIS Translated Text] Zagreb, 16 Jun (ITAR-TASS) — The situation of the Russians at the observation post in the Sarajevo district of Majmilo [placename as received] has become even more difficult. Colonel Andrey Demurenko, chief of staff of the Sarajevo UN sector, told an ITAR-TASS correspondent that the post is already under return artillery fire: First the Serbs fired a few mortar rounds, then fire was opened from tank guns.

The Muslims are holding Russian battalion members in an ordinary house that could collapse like a house of cards at any moment. Moreover, one of the Bosnian commanders has said that if they begin a new attack, they will take the Russian servicemen with them.

At about 1400 CET [Central European Time], the commander of the Russian battalion succeeded in communicating with the post commander. There were no casualties among our men at that time. The UNPROFOR [UN Protection Force] command have been making all efforts to get permission from the Muslim authorities to evacuate the men before dark, but in vain. Representatives of the International Red Cross could not achieve anything either.

It will be meaningless to request close air support from NATO in this situation: The Russian blue berets have been turned quite literally into a living shield or artillery target. Colonel Demurenko does not believe a hostage release operation is yet justifiable either, as more men could be lost than saved. "We are grinning and bearing it, but if it comes to direct threats against the soldiers, we will take extreme measures," he said.

UN 'Bias' Seen on Russian Hostages

LD1706122295 Moscow ITAR-TASS in English 1056 GMT 17 Jun 95

[By Boris Sitnikov]

[FBIS Transcribed Text] United Nations, June 17 (ITAR-TASS) — The Russian delegation made an urgent address to the U.N. Security Council concerning the seizure of 15 Russian peacekeepers by Bosnian Moslems in Sarajevo and using them as a human shield during shellings of Serb positions.

Russia wants the Security Council to demand immediate release of the peacekeepers.

However, the Security Council remained tacit over this particular case of the direct attack on U.N. peacekeepers.

Permanent Russian envoy to the U.N. Sergey Lavrov in an interview with ITAR-TASS described the Security Council's stance as another manifestation of its "double standards".

"I unequivocally see it as bias. This is a quite undesirable precedent when the Security Council cannot respond to direct attacks on the peacekeepers. And this is another indication that the 'double standards' are far from overcome in the work of the Security Council," Lavrov said.

Lavrov expressed special concern over the fact that the Bosnian government undertook the provocative act within hours of the adoption by the Security Council of the resolution sending the multinational rapid reaction forces to Bosnia. The resolution strongly warned all parties in the conflict against attacks on the U.N.'s personnel.

Lavrov said the Security Council had not responded to the gross provocation of Bosnian Moslems on the ground of their allegations that the report of the U.N. Secretariat about the seizure of Russian peacekeepers was baseless.

However, the secretariat reaffirmed its report.

Nonetheless, some Security Council members said they could not agree to pass an official statement on the seizure of the Russian peacekeepers, Lavrov said.

Moscow 'Will Not Insist' on Air Strikes on Muslims

LD1906133995 Moscow INTERFAX in English 1228 GMT 19 Jun 95

[FBIS Transcribed Text] MOSCOW, June 19 (Interfax) — Russia will not insist on NATO air attacks against Bosnian Muslims fighting over the past few days against the Serbs so as to break the blockade of Sarajevo, a senior Russian Foreign Ministry official told Interfax Monday.

According to him, Moscow could use this chance to demand air attacks, which would increase its popularity among the Serbs and create the semblance of a balance of attacks and the use of force. "This however is not our choice," the diplomat said.

"We proceed from the belief that chances for a political settlement to the conflict remain and must be used in full," the official said.

"Proceeding from this, Moscow will make every effort to prevent the use of NATO aviation against any of the sides to the Bosnian conflict," he stressed.

According to the diplomat, air attacks would only prompt the Serbs to take U.N. peacekeepers hostage and could serve to encourage Bosnian Muslims, giving them a sense of impunity.

Russia, U.S. To Consider Nuclear Material Use

LD1706162995 Moscow INTERFAX in English 1316 GMT 17 Jun 95

[FBIS Transcribed Text] Moscow, June 17 (INTERFAX) — Russia is willing to consider at the session to be held by the Gore-Chernomyrdin Commission on June 29-30 ways to strengthen control over the use of nuclear materials, Russia's Atomic Energy Minister Viktor Mikhaylov told INTERFAX. The session is to discuss the Russian-Iranian contract for the construction of a nuclear power plant in Busher.

"To give up the contract and curtail cooperation in nuclear power engineering with Iran is out of the question," he pointed out.

According to Mikhaylov, Russia intends to consider the US recommendations that the nuclear fuel supplied for the Iranian nuclear power plant should contain uranium enriched by no more than 20%. Besides, there are plans to consider the possibility of conducting inspections at the plant by Russian experts any time.

Russia also intends to establish strict control over the discharge of used nuclear fuel to prevent its components from being used for military needs. So at the nuclear plant in Busher there will be double control over nuclear materials: by Russia and by the International Atomic Energy Agency.

Mikhaylov denied the allegations that Russia intends to build in Iran a plant for extracting uranium. He confirmed however that such a request from Iran is reflected in the protocol on talks, and several years ago there were even plans to set up a joint venture.

He also said that Iran had repeatedly asked Russia to sell it two thousand tonnes of natural uranium. However the transaction has not taken place, because the two sides failed to agree on the price.

As Mikhaylov said, there is a need to train Iranian specialists, particularly operators for the nuclear power plant, in Russia, but the USA objects to it. "Today about one thousand Iranians are studying at universities in Western Europe and the USA, and in Iran I met excellent professors of physics who had graduated from such universities," he said.

In Mikhaylov's view, "the nuclear power plant in Bushehr should be run by highly-qualified specialists, and our schools of higher learning could profit from the training of experts for Iran."

According to him, as regards the construction of the nuclear power plant in Bushehr, the USA is using "the policy of double standards aimed at pushing Russia out of the Iranian market, as it did in North Korea."

The USA built in Iran a research reactor which uses fuel with the level of uranium concentration reaching 93%. "At present fuel for it is supplied by Argentina, and no one demands that it give up its contract with Iran," Mikhaylov pointed out.

U.S. Congress Defense Budget Vote Viewed

MM1906131995 Moscow IZVESTIYA in Russian 17 Jun 95 p 3

[Report by Vladimir Nadein: "Congress' Glancing Blow to Clinton, Direct Blow to Nuclear Disarmament"]

[FBIS Translated Text] Washington — In approving the country's military expenditure for the next fiscal year Congress has suspended financing for the program named for two senators — the Democratic Sam Nunn and the Republican Richard Lugar. According to this program, which is actively supported by U.S. Defense Secretary William Perry, next year Russia, Ukraine, Belarus, and Kazakhstan were to have received $371 million.

This quite modest sum only partly recouped expenditure on dismantling and destroying the ICBM's, destroying launch sites, and removing nuclear warheads from the entire territory of the former USSR to Russia.

The program was financed from the U.S. Defense Department's funds. And there was a direct reason for this. Every missile destroyed increased America's security. Every dollar invested in sawing up, cutting up, and reducing to scrap metal the mighty ICBM's resulted in a saving of thousands, making colossal expenditure on defense against them redundant.

The Nunn-Lugar program was an important link in the chain of accords between the United States and the four nuclear post-Soviet states. It helped the removal of 2,800 nuclear warheads from three former Soviet republics to Russia.

Now by 244 votes to 180 the House of representatives has, first, reduced the Administration's request from $371 million to $171 million and, second, suspended payment even for this scrap. Congress claims that Russia's continuation of work on improving bacteriological weapons is a serious threat to the United States and merits that all U.S. aid be halted.

The budget battle between the Democratic administration and the Republican majority in Congress is developing within the framework of a far broader battle — for the White House in 1996. The rivals are trying to prove to voters that it is they and not their competitors who can reduce state expenditure — and not by crumbs but by large chunks.

Why then has the Congress Republican majority spurned the opinion of its own generals and increased the military budget to $267.3 billion — 9.7 billion more than the Pentagon was asking for? Floyd Spence, chairman of the Congress national security committee, has stated: "It is time to halt the decline in defense expenditure! To halt the slump in our defense industry base! To halt the decline in our servicemen's quality of life!"

The U.S. Defense Department deemed it necessary to reduce the program for building B-2 bombers. These aircraft, it is claimed, cannot be detected by radar and can overcome any air defense. Although of itself the idea of the ultimate weapon has invariably proved false and "invisible" bombers will sooner or later inevitably become entirely visible, the point here lies elsewhere. The department believes that the 20 aircraft which have already been ordered fully meet the country's defense needs.

But the chamber rejected the Pentagon's opinion and earmarked $553 for continuing work on the "invisible" bomber. The legislators also opened up financing of $11.2 billion for military organizational development. Research work in the ABM field received additional appropriations.

At the same time financing for a third nuclear submarine of the new "Seawolf" generation was closed. Although it was on this point that the military insisted, preferring this weapon to the already adequate number of "Stealth" bombers.

First fiddle in this budget orchestra was played not simply by the Republicans but by those of them who were sent by the states of California and new York. The biggest states are most abundantly represented in the House of Representatives. They will get the juiciest morsel of military financing. A congressman has to fight tooth and nail to wrest jobs for his voters. The "invisible" bombers are very likely useless for defense in the world since the cold war. But at the new elections voters will go for the deputy who, scorning all reasonable arguments on a planetary scale, has ensured success for his own district. Is Russia really continuing to develop bacteriological weapons dangerous to the United States? President Clinton did not stress the point during his visit to Moscow and does not intend to make it the leading topic of his talks with Boris Yeltsin in Halifax. The administration has no grounds for giving a reassuring "no" in response to the questions from congressmen rousing themselves with an artificial but useful anger.

Nonetheless, the thrust does not lie in the lack of clarity over bacteriological weapons. The thrust lies in the fact that henceforth the feelings of thousands of workers in the defense sectors, faced with the grim prospect of unemployment, are forcing the legislators to go in for any kind of juggling to win votes at the elections.

In the House of Representatives there are many well informed people who like to be known as peace lovers. But they like to be elected even more.

Commentary Considers Li Peng's Upcoming Visit

OW1706075595 Moscow Voice of Russia World Service in Mandarin 1100 GMT 16 Jun 95

[From the "Current Events and Commentary" program]

[FBIS Translated Text] Moscow announced that Chinese Premier Li Peng will pay an official visit to Russia from 25 to 28 June. Please listen to station commentator (Kroliaova)'s report on the current state of Russo-Chinese relations and the prospects for their development:

Russo-Chinese relations have been developing steadily and soundly on the track of friendliness, good-neighborliness, and mutual cooperation. Li Peng's visit marks an important stage in the development of bilateral relations. Before the Chinese leader's visit to Russia, a high-ranking (?Russian) diplomat noted: The more contacts we have, the more our bilateral relations develop in a positive way, and this is even more advantageous to our respective countries and peoples. Present bilateral relations have been officially defined by various documents signed during President Yeltsin's visit to China and President Jiang Zemin's return visit to Moscow. It is emphatically noted in these documents that the strengthening of Russo-Chinese relations will never harm the interests of other countries. During Jiang Zemin's Moscow visit in May for celebrations of the 50th anniversary of the victory over fascism, talks between leaders of the two countries again upheld this line.

The road for Russia and China to build up trust and conduct mutually beneficial cooperation in the economic and other fields is not completely smooth. The bilateral trade volume, for example, dropped a significant extent lately due to objective reasons. Although their total trade volume amounted to billions of U.S. dollars, experts maintained that there is still room for a 150 to 200-percent growth in bilateral trade volume. There are also problems in carrying out the agreement on clearly delimiting the common border, and some facts about the Russo-Chinese border have also clouded bilateral relations. We can be sure, however, that all of these negative factors are temporary phenomena in bilateral relations and that all of these problems can be solved.

Chinese Government leader Li Peng's visit is sure to help settle the aforementioned problems. A spokesman for the Russian Foreign Ministry noted at a news briefing in Moscow that overall bilateral relations will be discussed from the perspectives of strengthening cooperation in various fields during the talks. Moreover, a series of bilateral agreements are scheduled to be signed.

It should be emphatically noted that the constructive partnership between Russia and China is not only in the fundamental interest of the peoples of the two countries, but is also an important factor for maintaining stability and security in Asia and even in the whole world.

Defense Industry Chief at Paris Air Show

MM1906093995 Moscow TRUD in Russian 15 Jun 95 p 4

[Interview with V.K. Glukhikh, chairman of the Russian Federation State Committee for Defense Sectors of Industry, by Vyacheslav Prokofyev in Paris; date not given: "Russian Fighters in the Sky Over Le Bourget"]

[FBIS Translated Text] Paris — When our combat Su-35's, Su- 27's, and MIG-29's appear in the skies over Le Bourget, the intensive negotiations on the 41st International Air Show stands come to a halt for a while, and all the polyglot specialists (this year they have flown to France from 37 countries) and ordinary onlookers endeavor to occupy the best seats to admire the powerful Russian flying machines. The Le Bourget show is traditionally considered the world's most prestigious review of aerospace technology. Over 70 leading firms from Russia are participating in it. With the Russians are specialists from Ukraine and Uzbekistan.

Our delegation at Le Bourget is headed by V.K. Glukhikh, chairman of the State Committee for Defense Sectors of Industry. I asked him a number of questions.

[Prokofyev] Viktor Konstantinovich, what things of interest has Russia brought to Le Bourget? What plans and hopes are pinned on taking part in it?

[Glukhikh] We are showing the AN-38 for the first time. This is a joint creation of Kiev's Antonov Design Bureau and our Novosibirsk plant. A foreign partner — the U.S. Allied Signal Company — supplies the engines for the AN-38. It will tackle marketing operations in the United States and Latin America. It is a "light aircraft" for local transport operations. Our mailmen, in particular, are waiting impatiently for it. We already have orders for this aircraft.

Another innovation at Le Bourget is the Yak-142 with a super de luxe cabin, which has been made for our LUKoil Oil Company. It is a business-class aircraft designed for 40 passengers. The de luxe cabin was developed by the Yakovlev firm jointly with the Americans. Prior to Le Bourget we showed the aircraft in Slovakia to the prime minister of that country. The possibility that a contract to supply aircraft of this series will be signed in the very near future cannot be ruled out. We are also showing the IL-96. A contract for the Ilyushin firm to supply Aeroflot with 20 IL-96M aircraft has been signed at the show. This is a large order.

Why has it been signed precisely at Le Bourget? Because our aircraft builders' U.S. partners — from Pratt and Whitney and Collins, which are suppliers of engines for Ilyushins — are here. By cooperating with foreign companies and engaging them in negotiations, our firms try to clients' wishes better. In France we are showing for the first time a Mikoyan trainer aircraft and a Yakovlev trainer for air forces and also for civil aviation pilots. We are also showing the powerful TU-160 bomber, only not as a combat aircraft but as one to put low-orbiting satellites into space. Great interest has been shown in Russian helicopters at Le Bourget.

[Prokofyev] Is the multitude of joint developments a necessity prompted by competition in international markets?

[Glukhikh] By mutual interests. For example, the U.S. firm Allied Signal, which I have already mentioned, regards the Russian salient as its priority because of the extensive, promising market and would like to occupy a worthwhile place in it. Adapted to foreign requirements, our aircraft in turn can be sold more easily in the West, and it will be far simpler to service them on international routes. But we are not just fixing our eyes on the West. We have our own huge traditional market in the former republics of the USSR, the whole of East Europe, China, and India. That is, in those countries where people are accustomed to flying our aircraft and know them. We have to present and publicize our hardware properly.

[Prokofyev] How do things stand with regard to funding the Russian aerospace industry complex? Are the proceeds from product sales sufficient?

[Glukhikh] They probably do not suffice for everyone. I believe that there are plants and institutes that can feed themselves quite independently. But there are also others that must remain state enterprises and be funded out of the budget because they constitute a national asset, and the level of national security depends on them. I have been talking with foreign colleagues here and, you know, none of them has boasted that budget allocations are adequate. They all have similar problems, only the degree of the shortage of funds is different. We are capable of providing Russia's Armed Forces with everything they need. The problems are different — we must take a lot of old items out of production and free capacities for civilian output. The reequipping of the civil fleet with highly economical airliners is a huge task.

[Prokofyev] Returning to sales of our military aviation hardware abroad, could you specify why the Finns have preferred U.S. aircraft to ours?

[Glukhikh] Finland purchased our aircraft for a long time. To all appearances, the Finns took the U.S. F-16 because they were offered very favorable terms. The Americans pledged to buy output in Finland for subsequent sale in the United States to the total value of the contract. Nevertheless, I cannot say that we lack trading skills. We have recently sold, in particular, 18 aircraft to Malaysia — which, incidentally, has never been our market — plus 30 to Hungary, 10 to India, and about 20 to China.

[Prokofyev] A lot has been written about the fact that part of the payment for the aircraft being supplied to Malaysia is in palm oil....

[Glukhikh] It is a delusion to regard palm oil as a worthless commodity. Quite the reverse. There is no need even to export it from Malaysia because there are intermediaries prepared to take this oil from us right away. It is constantly in demand on world markets. Moreover, we have always bought it and will continue to buy it, since it is needed for our metallurgy, namely for rolling mills. There are a lot of other spheres where it is used, but I will point out that counter deliveries of palm oil amount to just one-tenth of the contract sum.

Political Issues

Yeltsin Speaks to Journalists Upon G-7 Return

LD1806154095 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 18 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Text] Russian President Boris Yeltsin returned to Moscow today from the Canadian city of Halifax. As soon as he left the aircraft, Boris Yeltsin said that Budennovsk will be the first problem he tackles on his arrival in the capital. But before drawing conclusions at the administrative level it is necessary to establish exactly what happened and how the tragedy occurred, the president said.

That's all the news for now. Watch our later bulletins to see how events develop.

[Begin recording] [Correspondent] Boris Nikolayevich, how did yesterday go?

[Yeltsin] It was a tense day, but on the whole I am satisfied. Maybe 80 percent of the time was spent on the issues I raised, and not only were these issues listened to attentively — along with additional issues — some were also agreed on. For example, I told you before I left about the restructuring of Russia's long-term foreign debt. The issue was agreed on; it will be for 20-25 years.

A second issue regarded Russia's admission at last into the world economy — that is, trade without dumping and our inclusion in international organizations dealing with finances, banks, trade, controls, and so on.

[Correspondent] Boris Nikolayevich, was the situation in Budennovsk, the tragedy now taking place, reflected in any way?

[Yeltsin] I was coming to that. Of course the tragedy in Budennovsk was discussed. It pushed the whole of the Seven, the Eight, very strongly toward the view that we should combine our efforts to fight terrorism and organized crime, that we can only deal with these gangs by common efforts.

Although it was a very tense day, I was thinking all the time about Budennovsk, and I was in constant touch with ministers and other leaders.

[Correspondent] Boris Nikolayevich, will you be meeting with the power ministers in Moscow to discuss the situation?

[Yeltsin] Where?

[Correspondent] In Moscow, with the power ministers.

[Yeltsin] Definitely, as soon as I arrive.

[Correspondent] Boris Nikolayevich, has what is going on in Budennovsk changed in some way the international community's attitude toward what is happening in Chechnya?

[Yeltsin] Very significantly. We had a whole discussion on the subject yesterday. It came up last time, and the time before, but this time everyone firmly decided that it should be included in the communique and that everyone should act together.[end recording]

Yeltsin, Chernomyrdin, Yerin Meet on Budennovsk

LD1906103095 Moscow ITAR-TASS in English 1014 GMT 19 Jun 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, June 19 (ITAR-TASS) — "The Russian authorities have been acting, proceeding from the assumption that it is necessary to save the lives of the people who fell victim to the terrorist act in Budennovsk," said Russian President Boris Yeltsin during talks with the Russian Premier Viktor Chernomyrdin and Interior Minister Viktor Yerin, ITAR-TASS learned from the press secretary of the Russian president, Sergey Medvedev.

"The president started his work today by attending to reports made by Prime Minister Viktor Chernomyrdin and the Interior minister Viktor Yerin on the situation in Budennovsk and the progress of talks in Groznyy between the Russian delegation and Dudayev's representatives," the press secretary said.

"Our main demand is that the life of the people who fell victim to the terrorist act in Budennovsk be saved. All the activities of the Russian government are undertaken, proceeding from this principal condition," the press secretary quoted the Russian president as saying.

According to Medvedev, the Russian president has called on everyone in Budennovsk to remain constrained no matter how difficult this might be and not give way to provocations which might worsen the uneasy situation in that region.

Yeltsin Aide: Budennovsk Not 'Political Terrorism'

LD1806175595 Moscow INTERFAX in English 1556 GMT 18 Jun 95

[FBIS Transcribed Text] MOSCOW, June 18 (INTERFAX) — The seizure of hostages in Budennovsk by Dudayev militants led by Shamil Basayev "is not a terrorist act aimed at attaining political goals," the Russian president's political advisor Georgiy Satarov told INTERFAX in Moscow on Sunday 18 June].

"It is an act of intimidation, revenge — anything you like except political terrorism. Otherwise, they wouldn't have gunned down people before announcing their terms, or put themselves in a situation whereby no one takes them for people advancing political terms," he said.

He also said that "the state had to use force and had every constitutional right to do so in Chechnya in the situation which existed. The events in Budennovsk confirmed this," he went on to say.

In his opinion, "the uncontrolled criminal regime in Chechnya would have caused similar events all the same." "The efficiency of state decisions is another matter, though," he added.

Commenting on the president's rating following the events in Budennovsk, he said that "it depends on what decisions the president will take and how these events will end."

If on June 21 the State Duma supports the vote of no confidence in the government, the situation in the country will be affected, although not fatally, said Satarov.

Filatov: Yeltsin Cleared Russian Actions

LD1906102995 Moscow INTERFAX in English 0911 GMT 19 Jun 95

[FBIS Transcribed Text] MOSCOW, June 19 (INTERFAX) — All the activities of top authorities, notably the government, in having the Budennovsk hostages released have certainly been cleared with Russian President Boris Yeltsin, Sergey Filatov, Yeltsin's chief of staff, told INTERFAX Monday [19 June].

He emphasized that all top leaders are equally eager to have the Chechen problem resolved and that this is more important than who made the decisions in the talks with the gunmen.

In Filatov's words, the federal authorities are well aware of the fact that the for the terrorist commander in Budennovsk Shamil Basayev a split in Russian society, driving a wedge between various political groups and even branches of authority is more important than the talks.

Filatov predicted that these efforts will fail.

Gaydar Demands Dismissal of Ministers, Council

LD1806162295 Moscow INTERFAX in English 1420 GMT 18 Jun 95

[FBIS Transcribed Text] MOSCOW, June 18 (INTERFAX) — A former top reformist in the Russian leadership, Yegor Gaydar, on Sunday [18 June] called for dismissal of the power ministers and disbandment of the Russian Security Council.

Speaking on the current hostage crisis in the southern Russian town of Budennovsk, Gaydar urged a congress of his Democratic Choice of Russia party to demand "in the form of an ultimatum" that the president and government fire the power ministers and dissolve the Security Council. If the demand is not satisfied, the party's parliamentary faction will support a motion for no confidence in the government to be put to the vote in the State Duma, the lower house, on June 21, he warned.

"Today there is only one major task, to induce the government to start constructive talks (with a Chechen armed group holding a hospital in Budennovsk) and achieve the release of the hostages," said Gaydar, leader of the Democratic Choice of Russia and its group in the Duma. "Our line towards the government will above all depend on how much political wisdom it shows and how willing it is to conduct such talks."

As for who is to blame "for all this madness, for all this fantastic irresponsibility," that should come on the agenda after the hostages are freed, he said.

What is happening in Budennovsk "is inseparably linked with the policy of solving the Chechen crisis that was chosen half a year ago," Gaydar continued. "One had to be absolutely incompetent" on the history and traditions of the Chechen people "to fail to realize what results the option for force in Chechnya would have."

The war in the breakaway North Caucasus region has already claimed "tens of thousands" of lives, Gaydar said.

The chief aims of the Democratic Choice of Russia's congress, which opened on Sunday bringing together more than 230 delegates, are to amend the party's constitution and discuss its election platform.

According to the deputy chairman of its executive, the Democratic Choice of Russia already has 72 regional branches and is currently setting up another four. The party today has an approximate membership of 10,000, Valentin Tatarchuk told INTERFAX.

Ponomarev Wants Yeltsin Impeachment Discussed

LD1706093195 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 0755 GMT 17 Jun 95

[FBIS Translated Text] [No dateline as received] "What most public movements in Russia opposed has happened — the hospital is being stormed, and the only person in favor of storming it is [Defense Minister] Grachev," State Duma Deputy Lev Ponomarev said in an interview with the Ekho Moskvy radio station.

Lev Ponomarev said: "It is now clear who determines policy in emergencies. It is also clear that the president knew about this, because he said on departure for Halifax that he talks to his ministers every hour."

Lev Ponomarev thinks the president must bear full responsibility for the new crime.

Lev Ponomarev thinks a strategic decision not to hold elections will be made as a direct result of these events.

Lev Ponomarev said in conclusion: "The bloodshed can be stopped if the country's political forces make an unambiguous statement on readiness to begin the procedure of impeaching the president. Political leaders, above all democrats, must discuss this issue today."

Rybkin: Possibility of Terrorist Acts Known

LD1906103495 Moscow INTERFAX in English 0911 GMT 19 Jun 95

[FBIS Transcribed Text] MOSCOW, June 18 (INTERFAX) — About 24 hours before the Chechen militants attack on Budennovsk in the Stavropol region, Russian special services signalled the possibility of such actions, the State Duma's Chairman Ivan Rybkin declared in an exclusive interview with INTERFAX on Sunday [18 June].

"I once again confirm that on June 12-13, there was a coded message, warning about possible break-throughs, sallies by bandits, and terrorist acts, but carelessness let some people down," he stressed.

Speaking about the assault on the hospital in the morning on June 17, Rybkin noted that "it was the president's prerogative to consult whoever he found necessary, and in that case the Interior Minister Viktor Yerin, directly responsible for the operation." "And if there was an agreement between the minister and the president on this issue, it was their legitimate right, Rybkin said. If hundreds of people are saved as a result of the operation, this means there was some sense in it."

He was critical of those people in Budennovsk "who egg people on to join the live ring around the hospital to prevent OMON (elite police) and other units from action. "All should realize that we deal with experienced, inveterate bandits, with wolves disguised as men," Rybkin stressed. It is the worst thing to hail bandits as heroes."

At the same time, "he asked not to severely condemn the State Duma deputies who might have been too emotional in the given situation." Rybkin explained their mood by the fact that some of them who are now in Budennovsk, such as Viktor Borodin, Valentina Kozhukhova, and Sergey Bystrov, are local residents.

Building Security Enhanced After Budennovsk

LD1906103895 Moscow INTERFAX in English 1021 GMT 19 Jun 95

[FBIS Transcribed Text] MOSCOW, June 19 (INTERFAX) — The security regime in the Russian government building has been enhanced.

Sources in the law-enforcement bodies told INTERFAX that this decision was taken following the terrorist act in Budennovsk. Also, there is information that Dudayev militants are planning to carry out terrorist acts against Russian leaders and their families.

The reinforced militia cordons surrounding the government building have been strengthened with a fully armed combat vehicle, located behind the fence of the Cabinet's residence.

The building's security, in charge of which is Russia's Main Security Department, has also been enhanced.

Heightened Security at Nuclear Plants

LD1906141295 Moscow ITAR-TASS World Service in Russian 1310 GMT 19 Jun 95

[By ITAR-TASS Anna Bakina]

[FBIS Translated Text] Moscow, 19 Jun (ITAR-TASS) — Heightened security measures are in force at all Russian nuclear plants, and all visitors are being checked. A heightened security regime was introduced as far back as December 1994, when the situation in the country became difficult because of the fighting in Chechnya, the ITAR-TASS correspondent was told at Rosenergoatom [Russian nuclear power engineering concern].

Specialists are aware that if terrorists seized a nuclear power station, they could use it for serious blackmail, so all possible measures are being taken to make nuclear power stations 100 percent safe against unauthorized persons. Managements recently carried out drills to instruct staff how to act in the event of a nuclear power station being seized by criminals.

Armed guards exist at every Russian nuclear plant. It is virtually impossible to take anything inside: visitors and staff leave all their belongings in specially-equipped locker rooms. The more strategic the part of the installation a person is going to, the more control "barriers" he or she has to go through. A visitor or even a staff member can only visit the section authorized on his permit. The rest of the complex is closed to him or her.

The Rostov nuclear power station is the closest one to Chechnya, but it is still under construction and is not yet in operation.

Democratic Choice Attacks Hostage Crisis Handling

LD1806175295 Moscow INTERFAX in English 1556 GMT 18 Jun 95

[FBIS Transcribed Text] MOSCOW, June 18 (INTERFAX) — A congress of the Russia's Democratic Choice Party in Moscow Sunday [18 June] demanded "immediate talks with all those, on whom depends rescuing people" in Budennovsk, abolition of the present Russian Security Council trying to replace the constitutional bodies of power, immediate reorganization of power ministries and special service sacking their leaders.

The congress also demanded "a parliamentary commission be immediately set up for the most thorough investigation of the circumstances of the Budennovsk tragedy."

According to its statement, "the Budennovsk tragedy sharply changed the situation in the country." Saying "the bandits can have no excuses," the congress stated that the provocative policy of the authorities which began the war in Chechnya made its most tragic consequences inevitable.

"The authorities showed their total inability to ensure the security of the state and safety of its citizens," according to the document.

Prior to this, the party's council passed a resolution to emphasize that "if our demands (abolition of the Security Council, reorganization of the power ministries and special services with sacking their leaders - IF note) are not met, we will have to support a vote of no confidence in the government" in the State Duma on June 21. However, the congress softened the wording saying the party's position on the issue will depend on how much responsibility and professionalism the government will show while rescuing people.

Court Refusal To Consider Yeltsin Edict Viewed

MK1706111095 Moscow KOMMERSANT-DAILY in Russian 17 Jun 95 p 3

[Report by Maksim Zhukov under the "State Duma on Request to Constitutional Court" rubric: "It's No Use Taking Issue With a Court Verdict"]

[FBIS Translated Text] State Duma deputies who questioned the constitutionality of Boris Yeltsin's edict, as expected, disagreed with the ruling of the Constitutional Court, which decided last week that the edict on support for nuclear industry in the city of Zheleznogorsk is not a normative enactment and so falls outside the court's jurisdiction. At a news conference yesterday, deputies who opposed the presidential edict on Zheleznogorsk attempted to give reasons for their stance.

The parliamentarians still insist that the presidential edict is a normative enactment. Their stance is quite understandable. For it is not just this specific document that is at stake. The court verdict has effectively deprived the deputies of the possibility to appeal against documents they dislike because the sole body entitled to consider presidential enactments that do not introduce legal norms is the arbitration court, to which the deputies may not appeal. Thus, any presidential edict may be deemed to be not normative and, hence, above the law.

The dispute about legal terms was not over even after the court ruling was announced. Although it is quite clear that Constitutional Court judges will not return to this case (their decision is final and cannot be appealed), the parliamentarians announced yesterday that they are not going to tolerate such a situation. Valeriy Goryachev, deputy chairman of the State Duma legislation committee, and Tamara Zlotnikova, deputy chairman of the ecology committee, insisted on pronouncing the edict normative and accused the Constitutional Court of "getting mixed up in the process of legal tightrope-walking" and giving a wrong interpretation of the Yeltsin edict in its verdict.

First, the deputies asserted, the court did not take into account a presidential edict of 1993, which established criteria of normative enactments (which the Zheleznogorsk edict satisfies). Second, according to Goryachev, the edict should be deemed normative because it introduces new legal norms. Goryachev and Zlotnikova also said that they plan to launch an effort to make amendments to laws so as to rule out the possibility of "legal tightrope-walking in the future." In addition, they will attempt to find a party that will be entitled to protest the presidential edict's unlawfulness in the arbitration court.

Come what may, the edict will no longer be appealed against at the Constitutional Court, whose verdict could have been decisive in this case. So the deputies may protest as long as they please.

Shcherbakov Seen as Threat to Chernomyrdin

MK1706051095 Moscow SEGODNYA in Russian 16 Jun 95 p 3

[Report by Ivan Fedorov under the "Contender" rubric: "Vladimir Shcherbakov Has Returned to Politics. Center-Left Forces Have Acquired a Real Leader"]

[FBIS Translated Text] The electoral center-left bloc is taking some distinct shape. The problem is who will bring it under his banner: This, necessarily, must not be someone specially "assigned" by the Kremlin. It is quite probable that this bloc will be eventually formed by the triumvirate of the Russian Union of Industrialists and Entrepreneurs, the "Russia's Trade Unions for the Election," and the "Union of Realists" — without Duma Speaker Ivan Rybkin's participation. Such a possibility is due to the tough independent stance taken by Vladimir Shcherbakov, former first vice premier in the USSR government, who has come back to big politics as the Industrial Party's head after four years of oblivion.

As Mr. Shcherbakov himself says, the state of the national industry has forced him to quit the calm trade of international business (he is the president of a large international fund, "Interprivatization," with estimated assets worth $70 million).

He started his activity as Industrial Party head by forming a triumvirate with Yuriy Petrov's "Union of Realists" and Mikhail Shmakov's "Federation of Independent Trade Unions of Russia" (FITUR) on 3 May 1995. On 7 May, the triumvirate's leaders held their next meeting, where trade unions acted in their novel status of an electoral association; at the same time, it was definitely confirmed that no less than 30 branch and over 60 regional trade union associations entering the FITUR (its total number of members amounts to about 25 million people) will go to the election in a bloc with the Industrial Party.

Having announced the creation of his own electoral bloc, Ivan Rybkin attempted to make precisely the Industrial Party serve as its basis; to this aim, he held a number of intensive consultations with its leaders. Vladimir Shcherbakov, however, who had gained a certain potential right off and received support from some industrialists and trade unions, refused to "lie" under Rybkin. The creation of the "Accord" electoral association, as well as some others, has failed to solve the problems of the Ivan Rybkin's bloc, since the range of influence of the newly created "Russia's Regions" movement, underpinned by regional legislative structures, would hardly be sufficient for the State Duma speaker's status.

At the same time, the Industrial Party has set up its oblast committees in 71 regions of Russia and created its party organizations in 90 cities of non-oblast significance — predominantly in cities such as Tolyatti, Naberezhnyye Chelny, and Kronshtadt — and reached the level of primary party organizations at factories (numbering 70 only in St. Petersburg), which, by Duma experts' estimates, include at least 50,000 actual party members. Possibly, in view of such an effective party development, its leadership headed by Vladimir Shcherbakov has ventured to offer trade unions only 25 percent of the seats in the bloc's electoral slates, at the same time demanding that the trade unions pay no less than 30 percent of election campaign costs.

This notwithstanding, the trade unions have agreed to legalize their relations with the Industrial Party as soon as they themselves are registered as an electoral association. Such associations as "My Motherland" and the "Veterans Council" have also decided to join the bloc; intensive consultations with Ivan Kivelidi's group and the "Consolidation Party" are presently under way.

The situation regarding the most prominent leftist statehood-minded economist, Sergey Glazyev, is still unclear: The Democratic Party of Russia's mind-set and Stanislav Govorukhin's ambitions arouse doubts as to the possibility of finding a prompt solution to the problem of Glazyev-the-Conceptualist and Shcherbakov-the-Realizer making a tandem.

For the time being, Ivan Rybkin has been set aside: Despite the speaker's statement that the Industrial Party and industrialists in general provide "my main footing," his name has simply never been mentioned in connection with this bloc. At the same time, the statement made by Mikhail Lapshin, leader of the Agrarian Party of Russia, about the inevitability of a bloc between Ivan Rybkin's "Regions of Russia" (as a junior partner) and the Agrarian Party has been rather widely quoted in the press. In this way, the information about an independent stance of the Industrial Party has been indirectly confirmed: Obviously wishing to develop their own influence in the Duma, industrialists would hardly agree to become a junior partner to the agrarians, who have had such an influence since the Supreme Soviet era — the more so that since the time of industrialization Russia has ceased to be a predominantly agrarian country and, therefore, the industrialists are de facto an influential political force, although rather disunited and unorganized at present. It was probably the economic power of industry's representatives that became the reason for their political weakness, because they still continue habitually to seek solutions to all practical problems in executive power corridors, disregarding the changes that have taken place since the times of the State Planning Committee, the State Committee for Material and Technical Supply, and the Council of Ministers. As for the question as to who is capable of uniting this force, it is still open, and only the election can give an answer.

This is accompanied by an ever louder theme of the party's poverty and lack of funds for the election campaign. Analysis say that it is the stingy Arkadiy Volskiy who is heralding this theme, intending, by means of this honest market trick, to squeeze as much money as possible out of the Industrial Party's partners in the bloc. Under conditions of the harsh pre-election struggle, which has already started, this indicates that Shcherbakov & Co. are feeling rather self-confident and at ease.

The situation on the left flank worries the party of power a lot: Whereas earlier the politically neutral Vladimir Shcherbakov evoked only vague misgivings in Premier Viktor Chernomyrdin — as manifested in constant invitations to attend extended meetings — now not only the premier but also some other prominent figures in the government, who are close to the president, are feeling rather keenly the possibility of serious competition. According to some information, the "Our Home's" head [Chernomyrdin] has already made certain steps to weaken Mr. Shcherbakov. For instance, he is known to have held consultations with Yuriy Skokov, who has retained his influence in the Federation of Commodity Producers and who is against a union with the Industrial Party. These consultations are aimed at cajoling the industrialists' electorate, which, however, will hardly do any good to Mr. Skokov. Well, obviously the wonderful idea of cutting off your nose to spite your face can come to one's mind not only in childhood.

The campaign of "shattering" Vladimir Shcherbakov's position, in an unobtrusive way, has already been started in the press: In some mass media, he is named among the richest people in Russia; in others, he is stigmatized as a bankrupt and a loser, giving the most incredible details about insolvency of the "Interprivatization" fund. In so doing, an attempt is being made to exert pressure on him and, at the same time, to discover his weak point, using which one could make Mr. Shcherbakov controllable to the degree required. This approach is of proven worth and has already been used many times, but in Russia it can sometimes produce a quite opposite effect.

Skokov Elected Leader of Russia's Peoples Union

LD1606200895 Moscow ITAR-TASS in English 1949 GMT 16 Jun 95

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] MOSCOW, June 16 (ITAR-TASS) — Leader of the all-Russia congress of Russian communities Yuriy Skokov was elected chairman of the national council of the movement "Union of peoples of Russia" which held its constitutive congress in Moscow on Friday [16 June].

The Union of Peoples of Russia (SNR) brought together more than ten national parties and movements from different regions of Russia including republics within the Russian federation. The congress of Russian communities acted as the initiator and the main rallying force of the new movement.

The congress adopted a declaration to proclaim the new organisation's aim "to preserve and strengthen historical traditions of cooperation and mutual assistance among the peoples of the Russian Federation" as well as "to preserve the unity of the multi-national Russian state which was shaped in the course of history."

The SNR adopted an appeal to compatriots which said that the peoples of Russia "found themselves again in a historical situation in which they have been deceived by the authorities who, having proclaimed the right to self-determination, did not ensure the creation of legal and political conditions for the building of a new Federation."

The congress adopted a special resolution which stipulates that the SNR's candidates for seats in the State Duma will be included in the Federal list of the Congress of Russian Communities for the forthcoming parliamentary elections because the new movement will not be able to register with the Justice Ministry in good time for the elections. The congress elected the leading bodies of the new movement. Its national council brings together a number of prominent politicians including chairman of the legislative assembly of the Kemerovo region Aman Tuleyev and the leader of the Socialist Workers Party Lyudmila Vartazarova.

A former comrade-in-arms of Boris Yeltsin, an ex-Secretary of the National Security Council and then President of the Federation of manufacturers of Russia, Yuri Skokov has made another step forward in his political career.

Last spring he came to head the already existing Congress of Russian Communities (KRO) and raised it to a new level by attracting prominent politicians to work in it.

On Friday, he became the leader of the Union of Peoples of Russia (SNR) founded on the initiative of KRO.

An experienced politician, Yuriy Skokov easily entered the complicated but attractive to the voters sphere of national interests. He began with KRO as an instrument of protecting the interests of ethnic Russians on the territory of all Russian and near abroad within the framework of the international KRO. He then joined the SNR as an organisation for harmonising the national interests of the peoples of Russia in a way taking them from nationalism (without discarding patriotic ideas) to internationalism (the principle of federalism) within the framework of a multi-national Russia.

Yuriy Skokov's political skills were manifested to their best advantage not only in his successful attraction to the new movement of more than ten national parties and organisation, including from the republics within the Russian Federation, and in securing the support of Russian Orthodox and Muslem leaders but also in the fact that today's congress recorded the agreement of the national organisation to nominate candidates from the SNR in the parliamentary elections on a single federal list of the congress of Russian communities.

This means that, besides KRO's own activists, national organisations and movements in Russia's regions will canvass in favour of the Congress of Russian Communities.

The KRO leader has reinforced his team with a number of well-known Russian politicians. Aman Tuleyev who is undoubtedly influential in the Altai republic and Lyudmila Vartazarova whose authority in the Socialist Workers Party is indisputable are expected to fill the leading posts in the Council of the Congress.

These prominent figures will help Skokov to offset his own shortcomings as a public politician: he is not a very good orator and his speeches are usually worded in a dry, theoretical style which evokes no emotional response in the audience. The former secretary of the Security Council has yet to muster the art of communicating with the "fourth power".

His second-in-command in KRO is Alexander Lebed, probably the most popular general in Russia.

It looks like Yuriy Skokov is very skillfully managing preparations for the forthcoming parliamentary elections.

Paper on Creation of Party

MK1706070095 Moscow SEGODNYA in Russian 17 Jun 95 p 2

[Report by Gleb Cherkasov under the "Coalition" rubric: "'Union of Peoples of Russia' Created. Its Candidates Will Be Put on Congress of Russian Communities List"]

[FBIS Translated Text] The founding congress of a public movement, "Union of Peoples of Russia [UPR]," was held yesterday. Behind the idea for the creation of the UPR are the Congress of Russian Communities [CRC], the Assembly of Turkic Peoples, the Assembly of Finno-Ugric Peoples of the Russian Federation, the Chuvash National Congress, the World Congress of Tatars, and the World Assembly of Bashkirs, among others. The movement's goals include "the preservation and strengthening of historical traditions, cooperation, and mutual assistance of the Russian Federation peoples," "promotion of the development of a nationalities policy corresponding with the interests of the Russian Federation peoples," assistance to "the development of the country's commodity production and economic integration of Russia's regions," "the creation of public institutions and mechanisms to prevent conflicts on ethnic grounds." The appeal passed by congress delegates points out that "the peoples of Russia should come forward today as a separate influential political force." It is assumed that the "Union of Peoples of Russia" will help them in this.

CRC Chairman Yuriy Skokov, elected head of the nationwide UPR council, hopes the new movement will spur on the "formation of a democratic mechanism for composing the interests of the state, the peoples, and society."

Owing to the fact that the formation of the UPR has taken a bit too much time, the movement will not be now able take part in the elections as an organization. In this connection, the congress decided to include its candidates for State Duma seats in the electoral list of the Congress of Russian Communities.

Democratic Organizations Form Cooperation Bloc

MK1706101095 Moscow SEGODNYA in Russian 17 Jun 95 p 2

[Report by Gleb Cherkasov under the "Initiative" rubric: "The Cause of Unification of Democratic Forces Moves off Dead Center. Unified Democratic Bloc Is Open to All Democrats"]

[FBIS Translated Text] Yegor Gaydar, chairman of the "Democratic Choice of Russia [DCR];" Aleksandr N. Yakovlev, leader of the Party of Social Democracy; Yuriy Chernichenko, chairman of the Peasants Party; Oleg Li, chairman of the Confederation of National Organizations of Russia; Aleksandr Sergeyev, cochairman of the "Military Men for Democracy" movement; and Yevgeniya Poplavskaya, chairman of the "Women for Solidarity" movement, signed an "Agreement of Cooperation in the Electoral Campaign" yesterday. In the words of Aleksandr N. Yakovlev, the very fact of signing such a document is supposed to demonstrate that democrats, in principle, are capable of uniting.

In accordance with the document, the sides announce the creation of a unified democratic bloc which may form the basis for a common electoral list. Besides, participants in the bloc intend to follow an agreed policy in one-candidate constituencies. The agreement points out that "the organizations forming the bloc shall promote cooperation between their regional organizations. The observance of the agreement will be monitored by a Consultative Council to be formed from the leaders of parties and movements that have signed the agreement."

Yegor Gaydar remarked that the document signed yesterday is open to all democratic parties and movements. In the words of the DCR leader, talks with "Yabloko" have been frozen for the time being; Mr. Gaydar, however, is hopeful that they will be able to get cooperation on the road in one-candidate constituencies. Yegor Gaydar thinks pre-election friendship with Boris Fedorov's "Forward, Russia!" movement will be developing on the same lines, while he pointed at serious differences with Mr. Fedorov. The "Russia's Choice" movement has not decided yet on joining this bloc. Its cochairman Aleksandr Minzhurenko believes this is a question of time. The "Democratic Russia" situation is the most curious of all: Lev Ponomarev's supporters have not acceded to the agreement yet, whereas the alternative part of "Democratic Russia" led by Ilya Zaslavskiy wishes to immediately accede to the agreement. A further 15 to 20 organizations in all may join the project.

Rybkin Meets Agrarian, Industrial Party Leaders

LD1606170695 Moscow INTERFAX in English
1401 GMT 16 Jun 95

[FBIS Transcribed Text] MOSCOW, June 16 (INTERFAX) — Russia's State Duma Speaker Ivan Rybkin met with chairman of the Agrarian Party Mikhail Lapshin and chairman of the United Industrial Party Vladimir Shcherbakov to discuss concerted action in the framework of an electoral bloc that has been tentatively titled as the Agrarian Party and the Provinces of Russia, a well-informed source in the Duma's technical staff told INTERFAX Friday [16 June].

According to the source, the three men discussed concerted nomination policies and nomination policies for one-mandate constituencies.

The Russian Urban Union, the Russian Youth Union and the trade unions of the agroindustrial complex, communications and health care workers, the timber industry and community services, as well as the civic movements The Provinces of Russia, Accord, The Popular Movement - Russia, the municipal self-rule association, the Reform foundation and the zemstvo movement, to name but a few, have already voiced their intention to join the new electoral bloc.

Zyuganov: Public Monitoring Excludes Vote Rigging

LD1806164095 Moscow ITAR-TASS in English
1506 GMT 18 Jun 95

[By Yevgeniy Tkachenko]

[FBIS Transcribed Text] CHELYABINSK, June 18 (ITAR-TASS) — Russian Communist Party leader Gennadiy Zyuganov said only public monitoring of the voting process in the upcoming parliamentary elections will help avoid vote rigging.

"We are stepping up work to finish an electronic voting system proposed by foreign specialists. Our experts have studied it and come to the conclusion that it provides for several ways to enter information and falsified data into it," Zyuganov said as he addressed the workers of the Chelyabinsk tractor-building plant on Sunday [18 June].

He said only public observers monitoring the upcoming elections from the beginning of voting to the vote counting will help avoid cheating.

Communists Set Up Joint Platform Working Group

MM1906135395 Moscow PRAVDA in Russian
17 Jun 95 p 2

[Unattributed report: "Will There Be a Single Communist Bloc?"]

[FBIS Translated Text] A meeting between the leaders of the communist parties is long overdue. Life confirmed that the disjointed, uncoordinated actions in the last elections did not bring the anticipated success to those who won seats in the State Duma (the Communist Party of the Russian Federation [CPRF] faction represents just 10 percent) or those who boycotted them. That is why PRAVDA regularly receives letters, appeals, and statements asking the communists to unite.

The leaders met for the first time in the past two years for a working meeting 15 June. Representatives of the CPRF, the Russian Communist Workers Party [RCWP], the Union of Communist Parties-CPSU, the Russian Communist Party, the "Union of Communists," the Union of People's Resistance, and others took part. Everyone had a chance to look one another in the eye, exchange opinions, and take a detached look at themselves and their organization in order to see, understand, and assess its potential. Stated principles are not always commensurate with potential. Especially since the current powers that be will try to suppress the communists and all left-wing patriotic opposition in the parliamentary and presidential campaigns.

The main issues are: on what platform to unite and how to enter the elections — as a single bloc or several blocs? Participants in the meeting noted that there are no particular divergences in the communist parties' platforms; it was just revision, addenda, and compromises that were needed. The majority advocated a single bloc, although there is still no full mutual understanding between the leading parties — the CPRF and the RCWP. However, at local level, particularly in centers like Leningrad and Yekaterinburg, communists have already learned to act together. Now it is up to their leaders.

The parties themselves have not yet adopted a definitive decision; virtually all of them have scheduled central committee plenums and aktiv meetings over the next few days. Participants in the meeting stressed quite justifiably that "before signing an agreement it is necessary to know people's opinion." And everyone acknowledged the need to formulate a common platform for joint action. A working group has been set up comprising representatives of all the parties that took part in the meeting. Its first session will be held Monday 19 June.

Working Russia Determined To Restore Soviet Power

LD1806172695 Moscow INTERFAX in English 1556 GMT 18 Jun 95

[FBIS Transcribed Text] LYTKARINO (Moscow Region), June 18 (INTERFAX) — The Communists — the Working Russia movement election bloc is determined to stop the capitalization of the country, restore Soviet power, return the property to the people and ensure the population's decent living.

These are the main provisions of the bloc's election program entitled "For Our Soviet Homeland!", approved by 500 delegates of the 3rd congress of the Working Russia public and political movement, which finished its work in the Moscow suburban village of Lytkarino on Sunday.

The new election bloc consists of 53 regional branches of the Working Russia movement and the Russian Communist Workers' Party, this party's leader Viktor Anpilov told Interfax. He said that the students' trade union Zashchita (Protection) and the Russian Communist Union had volunteered to join the election bloc.

To quote Anpilov, the Communists and the Working Russia movement are not going to compete for places in the federal list of candidates, but will concentrate on the work to save the nation. "The most important thing is to "curb the outrageous policy of capitalization and get back to creative work and Russia's independent development," said Anpilov.

The Executive Committee of the Working Russia movement told Interfax that the bloc's federal list is likely to be led by Anpilov and leader of the Union of People's Resistance Sazhi Umalatova.

Russia's Choice Softens Stand on Confidence Issue

LD1806213495 Moscow ITAR-TASS World Service in Russian 1446 GMT 18 Jun 95

[by ITAR-TASS correspondent Lyudmila Aleksandrova]

[FBIS Translated Excerpt] Moscow, 18 Jun — The position of the "Russia's Choice" parliamentary faction on the issue of confidence in the government will depend "on the extent to which it will show professionalism and responsibility in saving the people." This decision was adopted by the second congress of Russia's Democratic Choice [RDC] today. The congress paid considerable attention to the issue of the vote of no confidence in the government in the State Duma set for the 21 June.

This shows that the RDC has significantly softened the position taken by the party's council yesterday. [passage omitted]

Whereas at the council Yegor Gaydar spoke about "an ultimatum to the president and the government," today he called on the participants "not to give in to emotions" and to sort things out with those responsible for the events only after the hostages are freed. [passage omitted]

Russia's Democratic Choice Seeks Alliance

LD1806115695 Moscow ITAR-TASS in English 1128 GMT 18 Jun 95

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] MOSCOW June 18 (ITAR-TASS) — Russia's Democratic Choice (RDC) party backs the idea of an allied democratic electoral bloc, the party's chairman Yegor Gaydar said at the second congress of the RDC.

The party has endorsed an agreement of intent with other parties which does not rule out its alliance with the "party of power", "in the struggle for a minimum programme", although the RDC does not hide strategic disagreement with the party of power, Gaydar said.

He said the year after the RDC's first congress was a year of "increasing authoritarian tendencies in the Russian society and of faltering economic policies, yet coexisting with signs of economic stabilisation.

The year finally separated "the party of power" and "the party of democracy".

Russia's entire policy since 1994 tended to be the use of force as civil control of power ministries was lost.

The result of it was the reliance on force in the Chechnya crisis and the local civil war, Gaydar continued.

According to the RDC leader, the Russian authorities want "ugly, corrupt capitalism" to remain in place, while the "party of democracy" seeks to build "civilised, socially fair capitalism".

However, the greatest threat to Russia are radical forces of revenge, first of all the Communist party, Gaydar said.

The "party of power" and democrats should cooperate not to allow a new revolution to break out, he said.

Gaydar described the refusal of Yavlinskiy-led Yabloko movement to ally with the RDC as "a strategic error of our potential partners", adding that the logic will in the long run force Yabloko to cooperate with the RDC, at least in majority constituencies.

Meanwhile, Gaydar said, the RDC leadership joined the election cooperation agreement with several democratic organisations, which heralds the advent of an allied democratic bloc.

The bloc has been joined by now by the RDC, Russian Party of Social Democracy led by Aleksandr Yakovlev, Peasants' Party chaired by Yuriy Chernichenko, women's, military and other movements.

Russia's Choice and Democratic Russia are negotiating for entering the electoral bloc.

Gaydar laid out the RDC's slates — a radical reform of the state apparatus, tax reform, clear guarantees of private ownership, radical reorientation of budget priorities, social, agrarian and military reforms.

"The main thing is that Russian capitalism becomes civilised, peaceful, socially fair and stable," Gaydar concluded.

Leaders Appeal For Unity Among Patriotic Movement

MK1706113095 Moscow ZAVTRA in Russian No. 24 (80) Jun 95 p 4 (Signed to Press 13 Jun)

[Signed appeal "To Patriots of Russia"]

[FBIS Translated Text] Patriotic leaders, we are appealing to you, stirred by care and anguish, in days when trouble is triumphing in Russia, when there is darkness in the heart, when all that is living and genuine is suffering and disintegrating, that which not so long ago constituted our great motherland. The unintelligent and unscrupulous rulers, stubborn in their inaptness and self-interest, are multiplying trouble by their actions. At times it seems: There is no way out, Russia has perished.

But there has appeared hope, there has appeared a road to salvation. There will be an election in the fall. By popular will, by popular desire, it is possible to bring to power deserving citizens who care for the motherland, who would keep trouble at bay. And this can be done without violence, blood, and tanks, without a conflagration, in a peaceable, moral manner. It would only take one thing — to unite our efforts, to put aside temporarily the differences and feuds, to lead people who believe you to the polls so that a united people triumphs. So that the people can bar from parliament the money-grabbers and the crafty, the corrupt and those soiled by vice and crimes, from which the land is groaning.

Each of you is informed with courage, honor, and dignity. Each is followed by this or that part of the people for whom Russia is mother rather than step-mother, a temple rather than a feeding trough. Remaining heads and leaders of your movements and parties: manage to bring together their energy, to combine efforts cleverly in order to prevent a split among the people.

How to do this will be prompted to you by your political experience, your reason and conscience. You cannot afford to lose any longer, to err as you have more than once over these bitter years. Because losing would mean not simply your political death but also a defeat of the people. And in this event you would earn the eternal condemnation of the people rather than oblivion.

Your greatness and love for Russia will be assessed by the ability to subdue your arrogance, to see in another patriot your ally and comrade, to lean on him, to march along in an honest brotherly formation leading in your wake a united people who have seen the light, who are waiting for your concerted actions in order finally to win their peaceful campaign.

[Signed] V. Varennikov, Yu. Bondarev, Yu. Vlasov, V. Klykov

Military, Nuclear & Space Issues

Report on Plans To Destroy Chemical Arms Stocks

LD1706105995 Moscow Russian Television Network in Russian 1900 GMT 16 Jun 95

[From the "Vesti" newscast]

[FBIS Translated Text] In our bulletin today we have a more detailed report about the problem of eliminating chemical weapons. This report is by Igor Deryugin.

[Deryugin] The history of the fatherland's chemical weapons, which began in the 1920's at a test-range in Saratov Region, will be concluded in the same region. The military installation at Shikhany, where new types of chemical weapons were developed and tested for many long years, is itself gradually becoming history.

Universal attention is being gradually switched to another facility in Saratov Region, with which the final phase of the existence of Russian stocks of chemical weapons will be linked. This is the settlement of Gornyy in the Krasnopartizanskiy District of Saratov Region. The central arsenal of Russia's chemical troops is located in the immediate vicinity of the settlement. Here 1,200 tonnes of toxic substances — namely, yperite [mustard gas] and lewisite — are kept in a disassembled form in drums and tanks.

It is here that it is planned to organize Russia's first terminal for the destruction of chemical weapon stocks. The process of destruction itself is scheduled to begin in 1997. At this and a few other similar facilities, the Russian military is to destroy 40,000 tonnes of toxic substances. In the main these substances now pose more of an ecological than a military threat. [video shows chemical facility buildings with men in protective masks; store full of drums; large tank containers, one marked "Yperite 61.6.1" on its side; external tank containers; sign on gate saying "Stop. Danger. Prohibited."]

On 1 September this year, the first stake will be hammered into the ground at the construction site of the terminal at Gornyy. Before then, however, under a special resolution adopted by the government, work to develop the social infrastructure of the settlement and ecological research are due to commence. The relevant funds have been earmarked in the budget, but as yet no-one has actually seen any of them.

A convention on the banning of chemical weapons has been under consideration by the State Duma for over a year now. It still remains unratified. Correspondingly, all the talk about destroying chemical weapons is as yet no more than talk.

Country Emerging as Major Nuclear Exporter

MK1706061095 Moscow KOMMERSANT-DAILY in Russian 16 Jun 95 p 4

[Report by Aleksandr Koretskiy, Aleksandr Safronov under the "Regarding Russian-Iranian Nuclear Transaction" rubric: "The Market's Chain Reaction: An Action Causes a Counteraction"]

[FBIS Translated Excerpt] Scandalous details relating to the Russian-Iranian nuclear deal have been haunting newspaper pages for many weeks now. This saga reached a culmination of sorts during the May summit of the Russian and U.S. Presidents in Moscow. Ten days before Bill Clinton's arrival in Moscow, representatives of the White House said that they had confidential information about Russia's "nuclear contract" with Iran. This information allegedly contained irrefutable confirmation of the fact that by drawing on Russian technical assistance, Tehran is striving to create its own bomb. Washington was not rushing to share its secrets, however, and the world learned that Russia was allegedly drawing up a contract to supply uranium-enrichment machines — centrifuges — to Iran literally with a couple of days to go before the two Presidents' meeting. A certain psychological effect was produced. At the time, the blame was laid at the door of Viktor Mikhaylov, head of the Atomic Energy Ministry — it was he who "engaged in unauthorized activities" and "set up" the president, who ostensibly was not in the loop. Things went so far that Yeltsin himself said at a news conference on the results of the talks that "the military component" would be taken away from the Iranian contract and annulled by Moscow. At the same time it remained a mystery how this "military component" could have gone unnoticed by the Foreign Ministry, the Foreign Intelligence Service [SVR], the Federal Security Service, and the Main Intelligence Directorate, which (or so it seemed, at least) were shocked by the very term "military component." KOMMERSANT-DAILY experts Aleksandr Koretskiy and Aleksandr Safronov have conducted their own investigation of the centrifuge story. They think that the centerpiece of the scandal includes not only the long-standing enmity between the United States and Iran, but also the fiercest competition between Russia and the United States for sales of energy equipment and nuclear power plant fuel.

Nuclear Industrialists Look East

By expert estimates, the nuclear power industry in the industrially developed countries of the world, first of all the United States, France, and Britain, is sinking into a lengthy crisis. No new power plants are being built, and what new power units are put into operation — if at all — only replace those in operation from the 1960's or the early 1970's. The East European market for nuclear power plants that seemed to be opening up turned out to be just a small bazaar, not a market at all. All the East European countries have at best five power plants between them. And even those have to be nearly completely rebuilt — after Chernobyl, Europe no longer trusts Soviet standards. Countries that appear to be promising in the short run from the viewpoint of nuclear power equipment exporters are primarily Southeast Asia, China, and India. It so happened that the countries with the greatest export potential — France, the United States, and Russia — realized the prospects of the nuclear power market in that region virtually simultaneously, namely, at the end of 1992, when the PRC completed the drafting of its national energy development concept.

Four U.S. power companies lead by Westinghouse offered the fiercest competition to the Atomic Energy Ministry and the Czech firm Skoda (whose production capacities in this area are mostly of Soviet origin). At stake were billions of dollars in profits and a guaranteed volume of work for the next two decades. A victory can only be achieved by offering either higher-quality or cheaper products. In terms of quality and reliability (using a number of characteristics), equipment for nuclear power plants manufactured by Westinghouse and General Electric is far ahead of the Atomic Energy Ministry's products. In particular, this applies to automated control units managing technological processes. The Atomic Energy Ministry, however, is second to none in terms of manufacturing reactors themselves, both light-water — of the VVER type — and the fast reactors that are quickly coming into vogue. Many experts think that Russian reactors are just as reliable as American ones, but they are cheaper. The same applies to fuel: the Russian technology of enriching uranium is the cheapest in the world. At the same time, the cost of enriching 1 kg of Russian fuel for nuclear power plants is one-fifth the similar U.S. figure.

Neither Westinghouse, nor General Electric, nor France's Framatome can match the Atomic Energy Ministry's terms of exporting fuel. So, without much ado the problem was resolved via international arbitrage. Invoking it, Washington convinced Moscow to forgo uranium exports "at dumping prices" in 1992. It wouldn't have been all that bad had the Atomic Energy Ministry not made yet another foray into the new sales markets in China and Southeast Asia. It started trading in centrifuges, formerly top secret machines whose very exterior, let alone the inside, was a state secret back in 1993.

Formerly, Russia, like its competitors, offered its potential customers to design and build nuclear power plants using Russian-made reactors and, as a rule, Russian-made fuel. At the same time, the cost of building a medium- size nuclear power plant with two power units of 1000 megawatts each (depending on the terms and conditions of payment and the date of putting the plant into operation) varied between $1.5 and $2.5 billion; moreover, the price has effectively remained unchanged over the past several years. But, as a rule, the customer chose a partner proceeding not so much from economic considerations, but, rather, from political ones. While making a definitive decision, the customer could well agree to a less advantageous option if he received, say, most-favored-nation status in trade with the country exporting the nuclear power plant equipment. Moscow, however, turned out to be unprepared to compete at such a level. It then committed its strategic reserve: Alongside the construction of nuclear power plants, Moscow started offering its customers the know-how for enriching nuclear reactor fuel. In other words, centrifuges. [passage omitted]

Round-the-Clock Surveillance as a Method of Control

Having despaired of mastering the centrifuge-based enrichment method on its own, Beijing turned to Moscow for assistance at the end of last year. But Moscow set the following condition: China was to sign a contract with the Atomic Energy Ministry for the construction of a nuclear power plant (in the province of Liaoning), while the ministry will supply a small enrichment plant to China along with it. According to KOMMERSANT-DAILY's information, the overall number of centrifuges delivered under the contract to the PRC will not exceed 2 percent of the "Russian fleet." The size of the latter also remains a secret, however, because those who know it could accurately estimate Russia's nuclear fuel exporting potential. But even these two percent will be structured in such a way, Atomic Energy Ministry officials assured, that "you will get no more than a five percent enrichment yield, try as you might." About 250 centrifuges are already in China on demonstration. But the Chinese will have no access to these or other machines that are due to be delivered by the end of next year. Or, rather, they are being trained to manage the enrichment process itself, but they will evidently never see the way the centrifuges operate. There is a special clause in the contract to this effect: Russian centrifuges on Chinese territory are included among state secrets of the producer country. Russian specialists and IAEA observers will keep a watchful eye around the clock on how this secret is kept.

Similar (or even stricter, but certainly not more liberal) terms of delivery would have also been negotiated in case if Russia should finally decide to ship an enrichment plant to Iran. Iranian geologists' long search for natural uranium deposits were recently crowned with success. Given that, Tehran's interest in acquiring uranium enrichment technologies is fully logical. Be that as it may, nuclear power plants are built to operate for decades, but buying fuel for them during these decades would be more expensive than producing it on one's own. Provided, of course, one has the requisite raw materials. Iran does have them, so, logically speaking, it could have well followed in China's footsteps. Curiously, neither American nor Russian diplomats recalled the Chinese example during their lively debates on the matter in April- May. Possibly, the Americans do not know about it. But why did the Russian Foreign Ministry keep mum? It didn't know either? This is doubtful, given that all the Atomic Energy Ministry's contracts are due to be agreed upon with the Foreign Ministry and the SVR before they can be signed.

As for the possibilities of Iran's using Russian centrifuges for military purposes (if they are delivered), Russian experts think that this will be out of the question. And not because such a facility will be placed under dual control by Russian specialists and IAEA experts, as was the case in China. The thing is that equipment will be supplied in such quantities and assembled in such a way (using the system of "shelves" and exits) that Iran will have no realistic possibility of enriching uranium up to more than, say, five percent. The same applies to the assimilation of purely military knowledge and skills by Iranian nuclear power plant operators — these opportunities will be extremely limited. All they will be able to learn is what buttons should be pushed and when. Russia plans to use its people to perform all types of scheduled work involving the opening of the machines. This will be in its own commercial and national security interests. It is planned that this practice will be extended to all those who may wish to purchase centrifuges in the foreseeable future.

In order to attract buyers for its trademark equipment — nuclear power plant reactors — the Atomic Energy Ministry plans from now on to adopt a new marketing approach. In other words, if the customer so wishes and such agencies as the Foreign Ministry and the SVR have no objections, it may acquire not only the nuclear power plant but a small enrichment plant in the bargain. The customer will be glad to save money, while the Atomic Energy Ministry will obtain a new, reliably "staked out" market.

The point is that presently Russia controls about six percent of the world market for nuclear power plant fuel and about 15 percent of the market for nuclear power plants themselves. Its uranium enrichment capacities that were set up in the 1960's-1980's (designed to produce at least twice as much as the country needs) enable it to lay claim to 25-30 percent of the fuel market and a similar share of the nuclear power plant market. The United States and France currently control nearly 75 percent of the fuel market, producing fuel based on old, energy-consuming technologies. Of course, they have no intention of sharing their clientele with others voluntarily. For this reason, now that it has been giving thought to penetrating new markets, Russia is bound to encounter difficulties regardless of the fact that it has not technically breached even one international nuclear security agreement.

'De Facto' Analyzes Need for Nuclear Submarines

LD1706165295

[FBIS Editorial Report] Moscow Russian Television Network in Russian at 1020 GMT on 17 June broadcast the 15-minute "De Facto" program, hosted by Leonid Mlechin.

The program analyzes the reason for the existence of submarines in today's world, and traces the history of the race between the Soviet Union and the United States to build such submarines. The program includes an interview with Rear Admiral Valeriy Aleksin, chief navigator of the Russian Naval Fleet, about the purpose served by the Russian Fleet.

Mlechin says that Russian Navy has approximately 120 submarines, 46 of them being nuclear missile carriers. Aleksin observes, regarding large surface naval vessels, that Russia's Pacific Fleet is only half of Japan's. Russia now has in the Baltic five times fewer combat-ready submarines than Sweden and nine times fewer than Germany, and in the Black Sea five times fewer than Turkey.

Aleksin admits that Russia's strategic nuclear submarines are in some respects inferior to American ones of the Ohio class as regards the level of noise produced, but because of the physical and geographical location of the areas for their combat use, namely littoral ones in the seas surrounding Russia, they have great tactical advantages regarding the specifications and performance characteristics of their missile installations complexes and their design features that do involve higher noise levels. The video shows surface naval vessels and submarines under water and on the surface — some belong to the United States and Britain — there is a brief interview with Vice Admiral Vladimir Kuroyedov, chief of staff of the Baltic Fleet, about today's greater mutual understanding with partners within the framework of NATO.

Federal Assembly

State Duma Considers Events in Budennovsk

Seeks Yeltsin's Return From Halifax

LD1606153295 Moscow ITAR-TASS in English 1527 GMT 16 Jun 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow, June 16 (ITAR-TASS) — The State Duma, the lower house of the Russian parliament, today called on President Boris Yeltsin to interrupt his participation in the G-7 summit in Halifax, return to Russia and head the state commission in charge of investigating the events in Budennovsk.

The appeal is contained in a resolution adopted by the State Duma today. All 258 Duma members who were present at today's session voted in favour if the recommendation.

The Duma recommended the government of Russia to take comprehensive measures in order to free the hostages. The State Duma said in the statement it was advisable for Prime Minister Viktor Chernomyrdin to lead the negotiations with the terrorists.

Deputy Launches Impeachment Proceedings

LD1606190095 Moscow INTERFAX in English 1849 GMT 16 Jun 95

[FBIS Transcribed Text] Moscow, June 16 (INTERFAX) — The State Duma has recommended Russian President Boris Yeltsin "interrupt his participation in the G7 summit," return to Russia and head a state commission for investigating the Budennovsk events.

The State Duma passed a relevant resolution titled "On Measures on the Prevention of the Outrage of Terrorism in the Wake of the Tragic Events in Budennovsk of the Stavropol Territory on June 14."

At the same time, the proposal by State Duma Deputy Chairman Gennadiy Seleznev, Communist faction, to launch impeachment procedures failed to garner the required 226 votes, 150 deputies voted for, nine against with one abstention.

The resolution stipulated that the Budennovsk events could be regarded as another reason for a vote of no confidence in the current government.

Prime Minister Viktor Chernomyrdin was proposed to head the talks with the terrorists and "to satisfy the militants' financial, material and transport demands, conditions for their movement to the Chechen republic and outside the Russian Federation, provided these conditions will promote the immediate and unconditional release of citizens forcibly held hostages."

The State Duma also recommended Yeltsin immediately impose a state of emergency in Chechnya.

The parliamentary commission for probing into the reasons and circumstances of events in the Chechen republic in 1991-1994 was proposed to leave for Budennovsk at once to examine the situation on the spot and submit its proposals to the State Duma.

15 Jun Council Statement Published

MM1606153095 Moscow ROSSIYSKAYA GAZETA Weekend Edition in Russian 17 Jun 95 p 2

["Statement No. 511-1FC of the Russian Federation Federal Assembly Federation Council in Connection With the Events of 14 June 1995 in the City of Budennovsk, Stavropol Kray" signed on 15 June 1995]

[FBIS Translated Text] An act of terrorism was committed 14 June 1995 in the city of Budennovsk, Stavropol Kray. Dozens of peaceful citizens were its victims, and hundreds more were taken hostage.

The Federation Council has perceived the tragic events in Budennovsk with great concern and pain and sends its profound condolences to the relatives and friends of the dead.

The fact that the tragedy in Budennovsk was possible results from the lack of a comprehensively substantiated policy in the North Caucasus and of a clear-cut action program on the part of the federal organs of executive power aimed at stabilizing the situation and ensuring safe living conditions for the population in that region.

The events in Budennovsk also attest to the seriousness of the extremists' intentions to move the armed conflict in the North Caucasus to a qualitatively different stage that does not disdain the most extreme forms of violence.

The Federation Council has consistently advocated and advocates now the cessation of military operations and a political settlement of the Chechen crisis. This has been reflected in a number of documents adopted by the chamber, but the federal organs of executive power have not made a proper response to them.

The Federation Council demands that the Russian Federation president and the Russian Federation Government urgently take exhaustive measures to ensure peace and order in the North Caucasus.

The Federation Council urges citizens of the Russian Federation to maintain endurance and calm and also voices the hope that all the power structures will fulfill their duty.

The Federation Council urges all public associations, national movements, and religious figures of the various confessions in the North Caucasus and throughout Russia to rally in the name of peace and prosperity in the country and to come out jointly against the threat of extremism and violence hanging over society. [Signed] The Russian Federation Federal Assembly Federation Council

[Dated] 15 June 1995

Security Chief Favors State of Emergency

LD1606164195 Moscow INTERFAX in English 1618 GMT 16 Jun 95

[All quotation marks as received]

[FBIS Transcribed Text] Moscow, June 16 (INTERFAX) — Chairman of the Federation Council's Security and Defense Committee, Major General Petr Shirshov told INTERFAX today that he is in favor of immediately introducing the state of emergency in the regions close to Chechnya.

"I think that the Russian president, as the guarantor of the Constitution and security of citizens, should submit a corresponding proposal for consideration by the Federation Council," he went on to say.

"All Chechen borders must be closed so that nobody has a chance to penetrate into Russia with arms in his hands," Shirshov said.

He said he believes that terrorist acts similar to that in Budyonnovsk might occur in other Russian regions. Shirshov said that "some structures have missed such actions again as they did it in the Stavropol Region."

Shirshov said he believes that urgent measures must be taken. "We cannot admit that similar actions spread to other Russian regions," he added. Shirshov said that "armed bandits must be neutralized."

Shirshov assessed as "absurd" the proposal of leader of the Liberal Democratic Party of Russia Vladimir Zhirinovskiy which he expressed in the State Duma today that the KGB be the Settlement of the Conflict With Georgia", prepared by a group of deputies from the lower chamber of the Russian parliament, was submitted for consideration to the Duma's Council and to parliamentary groups, Konstantin Zatulin, head of the State Duma CIS Affairs Committee, said at a news conference Friday. [sentence as received]

The resolution is an answer to the appeals by a gathering of Abkhaz peoples of April 16, 1995, and by the South Ossetian parliament of June 7, 1995. The appeals called for a reunification with Russia.

The draft declaration says that "in its attitude towards the appeals by Abkhazia and South Ossetia the Russian State Duma has to proceed from recognizing de jure the territorial integrity of Georgia."

"At the same time, we regard it as a significant concession to the present leadership of the friendly Georgia and we do justice to the patience of Abkhazian and South Ossetian peoples which agreed, albeit asked by Russia, to hold negotiations on the possible coexistence within a united state allied with Georgia," says the resolution.

The draft also says that the Duma deputies do not consider it possible to compel Abkhazia and South Ossetia to reach an agreement with Georgia "on its terms by Russia, exercising economic and political pressure."

According to Zatulin, the draft resolution will most likely be discussed at the Duma session next Friday.

Zhirinovskiy, Others on Budennovsk

LD1606225495

[FBIS Editorial Report] Moscow Russian Television Network in Russian at 1809 GMT on 16 June carries a 26-minute unscheduled report on this morning's debate on Budennovsk events in the State Duma. Various deputies are shown speaking in turn at the rostrum:

Grigoriy Yavlinskiy of the Yabloko faction speaks of the need to raise the issue of confidence in the government.

Gennadiy Zyuganov of the Communist Party of Russia says that everyone, including the army, the security service, and the Interior Ministry are hostages to the Budennovsk situation. He opines that Interior Minister Viktor Yerin would be right to resign.

Yuriy Yakovlev of the Democratic Party of Russia faction notes that just three hours before the tragic event, Prime Minister Viktor Chernomyrdin was boasting of being in control of the situation.

Boris Zolotukhin of the Russia's Choice faction expresses concern at the way terrorists were able to get through to Budennovsk. He demanded the resignation of Pavel Grachev, Viktor Yerin, Sergey Stepashin, and Nikolay Yegorov.

Yekaterina Lakhova of the Women of Russia faction condemns the handling of the situation by the authorities.

Sergey Bystrov of the Russian Agrarian Party condemns the terrorists' action.

An unidentified deputy says that the State Duma deputies are also to blame for all the moral support they have extended to the bandits.

Vyacheslav Nikonov of the Party of Russian Unity and Accord says that the authorities have handled Chechen developments in a senseless way right from the outset in 1991.

Vladimir Zhirinovskiy of the Liberal Democratic Party of Russia faction is then shown at the rostrum. He says: "What is happening today is a setup. Open your eyes!

Trucks got through because the militia does not have enough money? It's all a setup. They need a war, a civil war, to scupper the elections. And from August to November 1995 a state of emergency will be introduced — that is what they were waiting for from you, for the State Duma to demand the introduction of a state of emergency. Once again you are on the hook. That is what they wanted. But besides you the people must demand it as well, and for that you need corpses. And they will be showing corpses all summer."

Zhirinovskiy says it is impossible to believe the Chechens succeeded in slipping through the massive military presence in southern Russia, and repeats that the episode must have been planned.

He continues: "The setup is as follows. Demonstrations by hungry people, out of work, begin all over the country. The OMON [special-purpose militia detachment] are let loose on them. Then war begins in the south, and spreads to Ingushetia, perhaps Dagestan, and in Stavropol territory and the southern regions. The Cossacks have already been provoked into adopting an anti-Armenian stance in Krasnodar territory. Everybody will take up arms. And under these conditions, the people will demand the introduction of a state of emergency.

"The main hand behind this setup is that of Aleksandr Nikolayevich Yakovlev. You are attacking the wrong people. He is always in the shadows, this behind-the-scenes manipulator. He is the one pushing Yeltsin toward introducing a state of emergency."

Zhirinovskiy says he expects Yeltsin to begin justifying introducing a state of emergency while still in Canada, and that part of the plot is to kill deputies. "This cannot be allowed. Because it is perfectly possible to restore order without introducing a state of emergency. They have sufficient forces. But they need a state of emergency for one thing only: To postpone the elections, and for five years we will have a Nazarbayev-Karimov-style regime, without a parliament or anything."

Zhirinovskiy concludes by saying that the answer lies in reintroducing the guberniya system of local government, arming the population and deputies, and closing the southern border.

Oleg Ochin of the National Republican Party group of deputies begs the Duma to be a stabilizing factor in the Budennovsk situation. The deputies need to consider their relationship toward the government.

Viktor Borodin of the Russia group of deputies speaks of the need to protect citizens against bandits.

Aleksey Leushkin of the Stability group of deputies speaks of the Budennovsk tragedy. A period of mourning should be declared for those who have died there. He blames the authorities for what has happened.

The program concludes with a brief lobby interview with Nikolay Kovalev, deputy director of the Federal Security Service. He expresses the view that the operation in Budennovsk will be successfully completed within three days.

Duma Speaker Comments on Events

LD1806204095 Moscow Mayak Radio Network in Russian 1430 GMT 18 Jun 95

[Telephone interview with Russian State Duma Speaker Ivan Rybkin by unidentified correspondent on 18 Jun; place not given — recorded]

[FBIS Translated Excerpt] During the whole weekend, I had to work in my office in close contact with the head of the government, his deputies, deputies to the State Duma, leaders of the political groupings, and chairmen of the committees. We see the main task as, I would like to say frankly, not to hamper but rather to help the government solve the very tense situation in Budennovsk and in the Chechen Republic as a whole; to find the only correct way, preferably a peaceful way, to save the lives of people. One should not gain points in the political struggle, but rather save the people's lives, in this very tense situation.

I think that the whole country is watching with alarm and hope the course of difficult talks that are being conducted by the Prime Minister. All branches of authority are taking part in the preparations for these talks. [words indistinct]

Viktor Ivanovich Borodin, a deputy to the State Duma, is from that area; Valentina Vasilyevna Kozhukhova, as well as Sergey Nikolayevich Bystrov, an agrarian who has been elected from that area — all of them are there. I would like to say that Stanislav Sergeyevich Govorukhin, the chairman of a Parliamentary Commission, and Sergey Aleksandrovich Opovalov, the chairman of the Committee on the Affairs of the Federation, are also in the area of this complicated conflict.

I would like to stress that we see cooperation with the government on saving the lives of people as the main task, preferably by peaceful means. I would like to say frankly and distinctly that the people of Russia are able to see today who they are dealing with. [passage omitted]

9 Jun Duma Decree on Appeal to Yeltsin

MM1906102895 Moscow ROSSIYSKAYA GAZETA Weekend Edition in Russian 17 Jun 95 p 3

[State Duma Decree No. 863-1 GD, signed by Speaker Rybkin in Moscow on 9 June 1995: "On a Russian Federation Federal Assembly State Duma Appeal 'To Russian Federation President B.N. Yeltsin on Ending the Bloodshed in the Chechen Republic'"]

[FBIS Translated Text] The Russian Federation Federal Assembly State Duma decrees that:

The Russian Federation Federal Assembly State Duma Appeal "To Russian Federation President B.N. Yeltsin on Ending the Bloodshed in the Chechen Republic" shall be adopted.

[Signed] I.P. Rybkin, chairman of the Russian Federation Federal Assembly State Duma

[Dated] 9 June 1995, Moscow, No. 863-1 GD

Duma Rejects International Treaties

MK1706124895 Moscow SEGODNYA in Russian 17 Jun 95 p 2

[Report by Aleksey Kirpichnikov under the "Adherence to Principle" rubric: "The Duma Has Turned Down Four International Agreements Because They Reached the Parliament Too Late"]

[FBIS Translated Text] The State Duma refused to ratify four agreements between the Russian Federation and other CIS countries yesterday. Two of them deal with Russian troops on foreign territories — the procedure of their withdrawal from Belarus, and their legal status in Georgia. Two more agreements — with Kyrgyzstan and Uzbekistan — concern the granting of state credits to these republics in 1994.

The opponent of all of the agreements was Duma CIS Committee Chairman Konstantin Zatulin. According to him, about 80 percent of Russian troops have already been withdrawn from Belarus anyway, and to ratify this agreement one and a half years after the start of its implementation means to uphold the executive power's actions.

In the agreement between Russia and Georgia, the Duma deputy did not like the requirement that combat operations by Russian troops need to be sanctioned by joint order of two commanders in chief. The objections of Defense Ministry representatives — that having Shevardnadze's consent for combat operations of foreign soldiers on his territory is quite logical and complies with international practice — failed to meet deputies' approval. Declarations that the troops will participate only in peacekeeping operations and that there is a need for a new agreement with Georgia on military bases and on counteracting anti-Russian sentiments did not satisfy the deputies.

The very fact that the Duma had been ignored again outbalanced common sense: The agreement was concluded in October 1993, but was submitted for ratification only one year later, after its implementation had already started.

The agreements on credits were not ratified due to virtually the same reason. The meaty disputes on their security and on the formulation of credit rates was cut short by the information that the president had submitted the agreements to the Duma at the end of last year, and, therefore, one had to talk now not about a credit for 1994, but about amounts to be set aside.

The logical outcome of the lower house's demand for respect was a compromise with the executive power on the draft law "On International Agreements," which had been earlier rejected by the president. According to Vladimir Lukin, chairman of the Duma International Affairs Committee, its variant, which had been approved by the head of state and adopted yesterday, retained the main provision on which deputies insisted: Now the State Duma can on its own initiative — and not only on the executive power's suggestion — consider the question whether to ratify or denounce international agreements, if they have not been submitted in the time stipulated by law.

Federal Assembly Chronology: Apr 1995

95P50129

[FBIS Media Note] [Introduction] This FBIS Media Note contains a topical listing of major decisions, discussions, and actions made by or taken on behalf of the Russian State Duma and Federation Council. Further textual material is available in the 1995 editions of the FBIS Daily Report (DR) "Central Eurasia." The citation provides DR listings and page numbers at the end of each entry. Items that have been entered under more than one topic heading are marked with an asterisk (*). A list of abbreviations and their expansions follows the chronology.

Administrative: Council's regular session is in recess from 14 April to 3 May (25 Apr 95, 24)

FOREIGN POLICY AND ARMS CONTROL

U.S., Europe, and Latin America

3 Apr 95 — Council members and representatives of the North Atlantic Assembly and NATO meet to discuss expansion of NATO (5 Apr 95, 32)

7 Apr 95 — Duma passes a resolution recommending President Yeltsin present a draft law on the ratification of the 1990 Soviet-American agreement on demarcation of sea borders; Deputy Sevastyanov (CPRF) believes Russia has unjustifiably ceded a section of the continental shelf in the Barents Sea and that the Duma needs to review the law (vote: 267 for) (10 Apr 95, 17)

12 Apr 95 — Council adopts an appeal to Yeltsin to instruct Russian diplomats to help ease or cancel UN sanctions against Yugoslavia, restore its membership in the UN and other international bodies (12 Apr 95, 22; 27 Apr 95, 25)

14 Apr 95 — Duma adopts a resolution which calls for stepping up the effort to lift economic sanctions against Yugoslavia and restoring its status in the UN, recommends the Russian Government carry out delivery of natural gas and increase the volume of humanitarian goods, strengthen the legal framework of Russian-Yugoslav relations (14 Apr 95, 30)

25 Apr 95 — Duma issues a statement "On the Celebration in Moscow City of the 50th Anniversary of Victory over Hitler's Fascism" (25 Apr 95, 29)

CIS/FSU

*5, 14 Apr 95 — Duma votes to deprive Deputy Lysenko (National Republican Party) of his right to speak in the Duma until the end of April for tearing up the Ukrainian flag during a debate on whether to invite Chairman of the Crimean Supreme Soviet Tsekov to speak at one of its sessions; Duma backs Deputy Zhirinovskiy's (LDPR) proposal to invite Tsekov (vote: 266 for) (5 Apr 95, 32; 6 Apr 95, 32); on 14 April Tsekov addresses Duma (14 Apr 95, 15; 18 Apr 95, 31)

7 Apr 95 — Duma rejects Deputy Zvyagin's (LDPR) proposal to call on Yeltsin to postpone his trip to Ukraine, reportedly scheduled for the end of April (vote: 165-11, 2 abstentions); accepts his proposal to place on the agenda the issue of the "illegality" of transferring Sevastopol to Ukraine; rejects his proposal to debate imposing economic sanctions against Ukraine (vote: 186-21, 4 abstentions); rejects his motion to debate confidence in Deputy Prime Minister Soskovets because of his soft position on Ukraine (vote: 212-6, 2 abstentions) (10 Apr 95, 17; 11 Apr 95, 30)

*7 Apr 95 — Duma adopts draft law proposed by Deputy Zatulin, Chairman of Committee on CIS Affairs, "On the Moratorium on Unilateral Reduction of the Black Sea Fleet"; law freezes all reduction of fleet's naval, marine, and aviation units and coastal facilities, as well as their transfer to Ukraine, until Russia and Ukraine settle all problems connected with the division of the fleet (10 Apr 95, 22)

7 Apr 95 — Duma ratifies Ukrainian-Russian consular convention (11 Apr 95, 30)

*7, 26 Apr 95 — On 7 April Duma agrees to proposal of Deputy Zhuravlev (LDPR) to put on agenda a discussion on the inexpediency of the Russian 14th Army's withdrawal from Transdniester (vote: 228-2, 7 abstentions) (11 Apr 95, 31); on 26 April Duma adopts the decree "On the Situation Concerning the 14th Combined Army" which supports keeping the army there (27 Apr 95, 27)

12 Apr 95 — Council approves agreement on cooperation in labor migration and social security of migrant labor signed by CIS member countries last year (13 Apr 95, 17)

12 Apr 95 — Council ratifies consular conventions between Russia and Armenia, Georgia, Lithuania, Estonia, and Ukraine (13 Apr 95, 17)

12 Apr 95 — Council releases a statement urging both sides in the conflict in Nagorno-Karabakh to do their utmost to release prisoners and hostages and to speed up a political solution; statement issued to mark the one year cease-fire (13 Apr 95, 17)

12 Apr 95 — Duma adopts a statement condemning "the criminal attacks on border guards" near the Tajik-Afghan border which resulted in killing and wounding of Russian, Kazakh, and Tajik servicemen (vote: 243 for) (13 Apr 95, 19)

14 Apr 95 — Duma adopts a statement condemning the 1915-1922 genocide of the the Armenian people and will send a delegation to Armenia on 24 April, the day of remembrance (14 Apr 95, 31)

21 Apr 95 — Duma ratifies treaty between Russia and Kazakhstan on leasing of Baykonur complex (24 Apr 95, 32)

21 Apr 95 — Duma rejects proposal by Deputy Zhirinovskiy (LDPR) not to sign a treaty with Ukraine until the Crimean and Black Sea Fleet issues are resolved (vote: 196-15 /226 required for passage/) (25 Apr 95, 25)

26 Apr 95 — Duma adopts a statement "In Connection With the Situation on the Tajik-Afghan Border" condemning the military activity there and advocating the use of political negotiation (26 Apr 95, 34)

26 Apr 95 — Duma rejects proposal by Deputy Zatulin (DPR) that it act as a guarantor of the Crimean referendum on 25 June (first vote: 192 for; second vote: 182 for /226 required for passage/); Duma rejects proposal of Deputy Baburin (Russia's Way) to discuss the status of Crimea (vote: 157 for); Duma rejects proposal of

Deputy Zvyagin (LDPR) to discuss lawfulness of the surrender of Crimea and Sevastopol to Ukraine in 1954 (vote: 159 for) (27 Apr 95, 23)

26 Apr 95 — Duma adopts a request to Kazakhstani President Nazarbayev to "support the Russian-speaking community and Russian-language organizations in their efforts to make Russian an official language of Kazakhstan" (vote: 243-1, 3 abstentions) (27 Apr 95, 24)

Near East and Asia

7, 21 Apr 95 — On 7 April Duma agrees with Deputy Loginov's (LDPR) proposal to discuss lifting economic sanctions against Yugoslavia and Iraq at a plenary session, but declines to include Libya (7 Apr 95, 32); on 21 April the Duma rejects Deputy Zhirinovskiy's (LDPR) proposal to have sanctions against Libya lifted (vote: 156 for) and his motion to accelerate the final drafting of lifting the sanctions against Iraq (vote: 201 for) (25 Apr 95, 25)

General

12 Apr 95 — Council ratifies agreements to avoid dual taxation between Russia and Bulgaria, Vietnam, Ireland, South Korea, Romania, Sweden, and Uzbekistan (13 Apr 95, 17)

20 Apr 95 — Duma passes on second reading draft law "On the Continental Shelf" (21 Apr 95, 23)

MILITARY AND SECURITY ISSUES

*7 Apr 95 — Duma adopts draft law proposed by Deputy Zatulin, Chairman of Committee on CIS Affairs, "On the Moratorium on Unilateral Reduction of the Black Sea Fleet"; law freezes all reduction of fleet's naval, marine, and aviation units and coastal facilities, as well as their transfer to Ukraine, until Russia and Ukraine settle all problems connected with the division of the fleet (10 Apr 95, 22; 11 Apr 95, 29)

7, 21 Apr 95 — On 7 April Duma passes a draft law which increases compulsory military service from one-and-a-half to two years, obliges graduates of higher educational institutions to serve one year upon completing their studies, and requires graduates of vocational and technical schools to serve two years upon completion of studies (vote: 245-29, 19 abstentions) (12 Apr 95, 18; 18 Apr 95, 36); on 21 April Duma rejects Deputy Ponomarev's (DPR) proposal that they reopen discussion of military service law on the grounds that the Council is tardy in dealing with it (25 Apr 95, 24)

*7, 26 Apr 95 — On 7 April Duma agrees to proposal of Deputy Zhuravlev (LDPR) to put on agenda a discussion on the inexpediency of the Russian 14th Army's withdrawal from Transdniester (vote: 228-2, 7 abstentions) (11 Apr 95, 31); on 26 April Duma adopts the decree "On the Situation Concerning the 14th Combined Army" which supports keeping the army there (27 Apr 95, 27)

11 Apr 95 — On 11 April Council rejects federal law "On Urgent Measures to Man the Russian Armed Forces and Border Guard Troops on the Basis of the Draft" on the grounds that such restrictions on the utilization of draftees would endanger the security and statehood of Russia; on 24 March Duma had adopted bill (12 Apr 95, 22; 13 Apr 95, 16)

14 Apr 95 — Duma passes on first reading an amendment to the freedom of faith law to ban the creation or activities by religious sects posing a threat to national security and public order or inflicting physical or moral damage to their members or forcing them to perpetrate crimes (vote: 264 for, 2 abstentions) (18 Apr 95, 35)

*14 Apr 95 — Duma passes federal law "On Higher Pensions for Veterans of the Great Patriotic War and Widows of Servicemen Killed During the Great Patriotic War" (18 Apr 95, 36)

20 Apr 95 — Duma passes on second reading draft law "On State Policy in the Field of Handling Radioactive Waste" (21 Apr 95, 23)

21 Apr 95 — Duma adopts decree "On the State Defense Order" (vote: 265-18, 4 abstentions) (24 Apr 95, 31)

POLITICAL AND LEGAL ISSUES

Executive Branch Relations

7 Apr 95 — Duma Speaker Rybkin announces to Duma plenary that Duma has withdrawn a vote of confidence from the 12 April agenda because Deputy Zhirinovskiy (LDPR) announced the withdrawal of his factions signatures from the demand for a confidence vote (10 Apr 95, 21)

7 Apr 95 — Duma rejects on first reading bill proposed by Deputy Ilyukhin (CPRF), Chairman of Security Committee, "On Medical Examination Commission" because commission would be able to give a medical suitability reading to top leaders and this is perceived as giving medical officals too much potential for abuse of medicine for political and non-medical purposes (vote: 118-68, 4 abstentions) (11 Apr 95, 31)

12, 21 Apr 95 — On 12 April Council rejects presidential election bill on the grounds that it did not agree with Clause 4 which gives the Central Electoral Commission the right to set a date for a presidential election if Council fails to do so; Council wants to reduce the number of signatures a candidate needs to collect from 1.5 million to 500,000 and wants campaign expenses to be covered by the federal budget (12 Apr 95, 21); on 18 April a conciliation commission begins its review of bill (19 Apr 95, 28); on 21 April Duma agrees to lower the number of signatures presidential candidates must collect to one million (vote: 340 for); Duma also agrees that in case the Council impeaches the president, but fails to announce new elections, the elections are to be held no later than three months after the impeachment (21 Apr 95, 25; 24 Apr 95, 29; 25 Apr 95, 25)

*13 Apr 95 — Council approves petitioning Constitutional Court to rule whether the Yeltsin's decision to send troops to Chechnya was constitutional; Council also wants a constitutional ruling on all other decisions of the president, the government, and the defense minister regarding the use of force in Chechnya (vote: 97-1, 2 abstentions) (13 Apr 95, 18)

Internal Legislative Issues

*5, 14 Apr 95 — Duma votes to deprive Deputy Lysenko (National Republican Party) of his right to speak in the Duma until the end of April for tearing up the Ukrainian flag during a debate on whether to invite Chairman of the Crimean Supreme Soviet Tsekov to speak at one of its sessions; Duma backs Deputy Zhirinovskiy's (LDPR) proposal to invite Tsekov (vote: 266 for) (5 Apr 95, 32; 6 Apr 95, 32); on 14 April Tsekov addresses Duma (14 Apr 95, 15; 18 Apr 95, 31)

7 Apr 95 — Duma agrees to allow criminal proceedings to be brought against Sergey Mavrodi, head of MMM investment concern; on 30 October 1994 Mavrodi was elected to Duma, but on 22 December Duma failed to confirm his deputy powers which generated a question by LDPR deputies of the Duma's right to refuse confirmation and Rybkin initiated a review of the decision's legality (7 Apr 95, 32)

7 Apr 95 — Duma backs Deputy Zhirinovskiy's (LDPR) proposal to create a commission to investigate corruption in the parliament; Zhirinovskiy had proposed this before but was turned down; his current appeal is based on his belief that the "Stability" faction was formed by bribing deputies to join (11 Apr 95, 29)

12 Apr 95 — NRP, PRES, and Stability sign a formal agreement on coordination of basic strategies (13 Apr 95, 20)

13, 14 Apr 95 — On both 13 and 14 April due to lack of quorum Council was unable to debate Chechnya, laws on presidential elections and election of deputies to the Duma, amendments to the law on military duty, and law on formation of the Council (14 Apr 95, 34)

20 Apr 95 — Duma passes on second reading draft law "On Amendments and Additions to Legislative Acts of the Russian Federation in Connection With the Passing of the Russian Federation Laws 'On Standardization,' 'On Ensuring Uniformity of Measurements,' and 'On Certification of Products and Services'" (21 Apr 95, 23)

21 Apr 95 — Duma decides to expel Deputy Zhuravlev (LDPR) until the end of May for assaulting Deputy Bokov (CPRF); no reason for assault given (21 Apr 95, 24); Speaker Rybkin proposes Zhuravlev apologize to Bokov and upon compliance reinstates Zhuravlev to the session; the issue of denying him floor time through the end of May may be reconsidered (24 Apr 95, 31; 25 Apr 95, 25)

21 Apr 95 — During two readings the Duma fails to pass the law "On the Human Rights Commissioner"; Deputy Zhirinovskiy (LDPR) then states that if a specific candidate for the post were nominated at once his faction would vote for the bill; this proposal was supported by only 138 of the required 226 votes; Rybkin removes the bill from the agenda (24 Apr 95, 31)

Political Parties and Political Life

12 Apr 95 — Constitutional Court ruled that the numerical membership of the Duma as set by the constitution is 450, its ruling also stated that previous decisions of the Duma for determining membership are not "subject to revision" (13 Apr 95, 20)

12, 21 Apr 95 — On 12 April Council rejects draft law on Duma elections because it disagrees with various provisions, including the 225-225 ratio of deputies elected in single-member districts to party lists; Council argues ratio should be 300-150 (vote: 113-11, 6 abstentions) (12 Apr 95, 23; 18 Apr 95, 35); on 21 April Duma passes law retaining the 225-225 ratio; Duma also passes an amendment which says that in case the president refuses to announce Duma elections in the constitutionally approved period, they are to be held on the first Sunday of the month following the month in which the Duma mandate expires or if the president dissolves the Duma, but fails to announce new elections, they are held on the first Sunday three months following the dissolution (21 Apr 95, 25; 24 Apr 95, 29); on 23 November 1994 Duma approved the bill in its first reading and on 24 March 1995 Duma adopted its final version.

21 Apr 95 — Duma rejects Yeltsin-proposed version of the decree "On the Principles of the Formation of Russia's Federal Assembly Federation Council" (vote: 56-91, 9 abstentions), but supports Committee on Legislation's proposal to elect the members directly rather than have each of the regions' and republics' legislative and executive branches appoint a member (vote: 300-14, 2 abstentions) (25 Apr 95, 26; 26 Apr 95, 35)

Judicial and Legal Reform

10 Apr 95 — Council conducts hearings with Duma deputies on the slow pace of judicial reform in Russia and the establishment of judiciary as an independent branch (12 Apr 95, 21)

12 Apr 95 — Council approves law "On the Courts of Arbitration in the Russian Federation" (12 Apr 95, 21)

12 Apr 95 — Duma approves first reading of draft federal law "On Making Amendments and Corrections to the Law on the Procuracy in the Russian Federation" (13 Apr 95, 21)

19 Apr 95 — Duma adopts resolution "On Amnesty on the Occasion of the 50th Anniversary of Victory in the Great Patriotic War of 1941- 1945" (vote: 305-2, 2 abstentions) (20 Apr 95, 31)

*20 Apr 95 — Duma Committee on Security unanimously rejects proposal of Deputies Kalashnikov (LDPR), Leushkin, and Bushmin (both of Stability) to grant amnesty for those have sent money abroad to evade taxes (21 Apr 95, 24)

ECONOMIC POLICY

Budget, Taxes, and Banking

5 Apr 95 — Duma overrides Yeltsin's veto and passes for a third time the draft law "On the Restoration and Protection of Russian Citizens' Savings" (vote: 337 for /300 required for override/); Yeltsin vetoed two earlier versions of the draft law on 4 February and 14 March (6 Apr 95, 31)

7 Apr 95 — Duma plenary meeting appoints six auditors to the Accounting Chamber for a term of six years: Andreyev (CPRF), Kushnar (Russia's Choice), Mitrofanova (LDPR), Nozhnikov (PRES), Openyshev (Agrarian), Rodionov (NRP) (12 Apr 95, 23)

7, 13 Apr 95 — On 7 April Duma adopts second versions of laws "On Changes and Amendments to the Russian Law 'On Value Added Tax'" and "On Changes and Amendments to the Russian Law 'On Tax on Revenues of Enterprises and Organizations'" (11 Apr 95, 30); on 13 April Council adopts the second versions (14 Apr 95, 34); on 8 February Council rejected the first versions approved by the Duma and set up a conciliatory commission to rework the drafts.

12 Apr 95 — Council approves law passed by Duma on 24 March "On State Commodity Liabilities" (13 Apr 95, 18)

12 Apr 95 — Duma passes law "On the Introduction of Amendments and Additions to the RSFSR Law 'On the Central Bank;'" on 24 February law was approved by Duma, but later vetoed by Yeltsin; current law is a compromise on the issue of executive involvement in the bank's administration (13 Apr 95, 21)

*12, 13 Apr 95 — Duma passes a resolution providing for a 27% increase in pensions (from 34,440 rubles to 43,739 rubles) on 1 May and a 57% rise on 1 July; Duma rejected a proposal to increase insurance fees for the pension fund from 28% to 29% (13 Apr 95, 20); on 13 April Council passes it (14 Apr 95, 33); Vasiliy Barchuk, Chairman of the Board of the Russian Federation Pension Fund, appointed to represent the government in discussions in the Duma (25 Apr 96, 26)

*12, 13 Apr 95 — Duma adopts law proposed by Minister of Labor Melikyan "On Increasing the Minimum Wage," setting the minimum wage at 34,400 rubles on 1 April and 43,700 rubles on 1 May (12 Apr 95, 24); on 13 April the Council passes it (14 Apr 95, 33); on 30 January Yeltsin vetoed a similar law setting the minimum wage at 54,100 rubles on the grounds that the 1995 budget could not provide for it.

*14 Apr 95 — Duma passes federal law "On Higher Pensions for Veterans of the Great Patriotic War and Widows of Servicemen Killed During the Great Patriotic War" (18 Apr 95, 36)

*20 Apr 95 — Duma Committee on Security unanimously rejects proposal of Deputies Kalashnikov (LDPR), Leushkin, and Bushmin (both of Stability) to grant amnesty for those have sent money abroad to evade taxes (21 Apr 95, 24)

21 Apr 95 — Duma adopts resolution to combat tax evasion by authorizing criminal proceedings against perpetrators, instituting measures to retrieve money, and compensating the state for damages (24 Apr 95, 32)

26 Apr 95 — Duma passes on second reading draft law "On the Securities Market" (27 Apr 95, 24)

Privatization and Bankruptcy Issues

*5 Apr 95 — Duma passes on third reading a law drafted by Deputy Burkov (NRP), Chairman of the Committee on Privatization, entitled "On Special Order of Privatization of Organizations of State Television and Radio in the Russian Federation" which suspends privatization of Ostankino and bans the broadcasts of the new semi- private public Russian television company, ORT, which replaced it (vote 276-2) (5 Apr 95, 33; 6 Apr 95, 31)

7 Apr 95 — Leaders of Duma factions (Agrarian, DPR, Women of Russia, CPRF, LDPR, NRP) send letter to Yeltsin stating that the parliament is ready to consider

the privatization plan and urge him to revise it (11 Apr 95, 29)

21 Apr 95 — Duma adopts on first reading draft federal law "On the Order of Transferring Shares (Packet of Shares) Belonging to the State, and Using Federal Property Objects as Part of Ownership Capital for Economic Associations and Societies" (24 Apr 95, 31)

Social Welfare

*12, 13 Apr 95 — Duma passes a resolution providing for a 27% increase in pensions (from 34,440 rubles to 43,739 rubles) on 1 May and a 57% rise on 1 July; Duma rejected a proposal to increase insurance fees for the pension fund from 28% to 29% (13 Apr 95, 20); on 13 April Council passes it (14 Apr 95, 33); Vasilily Barchuk, Chairman of the Board of the Russian Federation Pension Fund, appointed to represent the government in discussions in the Duma (25 Apr 96, 26)

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14 Apr 95 — Duma adopts law "On Trade Unions, Their Rights and Guarantees of Their Activities" (14 Apr 95, 34)

Foreign Trade

Nothing to report.

Agriculture

Nothing to report.

RUSSIAN REGIONAL ISSUES

5 Apr 95 — Duma adopts on first reading a law "On Measures for Political Regulation of the Crisis in the Chechen Republic" which instructs the government to begin peace talks with Chechen militants and initiate a ceasefire without any preliminary conditions (vote: 228-56, 4 abstentions) (6 Apr 95, 31; 14 Apr 95, 32)

12 Apr 95 — Duma adopts law "On Temporary Measures of Political Settlement of the Crisis in the Chechen Republic" banning the use of armed forces and instructing the government to begin peace talks (vote: 286 for) (12 Apr 95, 24; 14 Apr 95 33)

*13 Apr 95 — Council approves petitioning Constitutional Court to rule whether the Yeltsin's decision to send troops to Chechnya was constitutional; Council also wants a constitutional ruling on all other decisions of the president, the government, and the defense minister regarding the use of force in Chechnya (vote: 97-1, 2 abstentions) (13 Apr 95, 18)

21 Apr 95 — Duma adopts draft resolution "On Amnesty with Respect to People Who Committed Illegal Actions During Armed Conflicts in the North Caucasus;" Deputy Zhirinovskiy (LDPR) strongly objects to its final approval based on its failure to hold guilty responsible for criminal actions (25 Apr 95, 26)

MEDIA ISSUES

*5 Apr 95 — Duma passes on third reading a law drafted by Deputy Burkov (NRP), Chairman of the Committee on Privatization, entitled "On Special Order of Privatization of Organizations of State Television and Radio in the Russian Federation" which suspends privatization of Ostankino and bans the broadcasts of the new semi- private public Russian television company, ORT, which replaced it (vote 276-2) (5 Apr 95, 33; 6 Apr 95, 31)

Abbreviations

CIS — Commonwealth of Independent States
CPRF — Communist Party of Russian Federation
DPR — Democratic Party of Russia
FSU — Former Soviet Union
LDPR — Liberal Democratic Party of Russia
NATO — North Atlantic Treaty Organization
NRP — New Regional Policy
NRPR — National Republican Party of Russia
PRES — Party of Russian Unity and Accord
RSFSR — Russian Soviet Federated Socialist Republic
UN — United Nations
U.S. — United States

Duma Adopts Law on Local Self-Government

LD1606170195 Moscow ITAR-TASS in English 1506 GMT 16 Jun 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow, June 16 (ITAR-TASS) — The State Duma adopted a law today which determines the role of local self-government in carrying out government by the people.

This law introduces into legal practice for the first time such a notion as "municipal formation" which means a city or a rural settlement where local self-government is effected, which has municipal property, local budget and elective bodies of power.

According to one of the key norms of the adopted law "On general principles of the organization of local self-government in the Russian Federation", a statute of a municipal formation may envisage a post of a head of a municipal formation who is elected by citizens living on its territory. A head of a municipal formation is accountable to a representative body of local self-government.

The law establishes that a local referendum may be held on issues of local importance — both by a decision of a representative body of local self-government and the population's demand. A decision adopted at such a referendum does not need to be approved by any bodies of the state power, the legislative act says.

Adopted at the third reading, the law will be immediately submitted to the Federation Council for approval.

Regional Affairs

Further Reportage on Budennovsk Situation

Report on 16 Jun Basayev News Briefing

MM1606180295 Moscow IZVESTIYA in Russian 17 Jun 95 p 1

[Report by Nikolay Gritchin: "No Forgiveness for Bandits. Nor for Those Who Placed Civilians Under Fire. Shamil Basayev Claims That He Was on His Way To Take the Kremlin"]

[FBIS Translated Text] Budennovsk, Stavropol Kray — Shamil Basayev's detachment, which has barricaded itself in the central rayon hospital, has begun shooting hostages. On 15 June Shamil refused to meet with Major General V. Ibragimov, former Chechen-Ingush minister of internal affairs, who had gone to the hospital. Instead he received a group of 30 Russian and foreign journalists late that evening. Your IZVESTIYA correspondent was among those inside the besieged hospital.

That whole day A. Chernenko, the Russian Federation State Committee for Nationalities spokesman, talked about the proposed meeting between the journalists and the gunmen. The timing of the planned visit to the hospital was constantly put back. Because of bargaining imposed by the Chechens, as it transpired. The hostage release headquarters wanted a couple of dozen women and children detained inside the building to be released in exchange for the press conference that Dudayev's men wanted: Shamil showed his characteristic inflexibility on that. When the press failed to appear in the hospital at the appointed time he postponed the press conference twice, but at 1800 hours he gave the order to shoot five young male hostages. Journalists were given this news by alarmed medics P. Kostyuchenko, the hospital's deputy chief physician, and A. Skvortsov, head of the surgical unit, who appeared at the headquarters at about 1900 hours. They announced that if the press did not enter the hospital by 2000 hours another 10 prisoners would die. Such was the gunmen's ultimatum. Further delay would be criminal.

Nevertheless, it was not until 2000 that the busload of journalists set off from the headquarters. The doctors were on tenterhooks. We were ordered to leave the bus at the last Russian checkpoint. We had to walk the rest of the way — less than 1 kilometer. The doctors in their white coats went ahead of the column, their hands raised above their heads. The hospital building, with bedside tables in place of the shattered windows, looked dead. But when we reached the courtyard the shutters of the windows left intact began to open. Gunmen in combat fatigues aimed automatic weapons at us.

The order to halt was given. The slow procedure of checking our documents and searching us began. Nurses and female medical orderlies looked out of some of the windows. The gunmen had not managed to check even one-third of our delegation when automatic gunfire was heard coming from the direction of the city. Bullets began to whistle overhead. The barricaded building responded angrily with retaliatory fire. The gunmen allowed the frantic crowd to squeeze into the narrow entrance and bolted the door. Otherwise there was no change to the procedure whereby they were allowed in. They searched each individual thoroughly, demanding that nothing be left behind and insisting that everything be returned to its owner without fail, even used transport tickets.

The next stage of our journey took us to the second story, where the corridors were packed mainly with hostages sitting down. The second story was full of people groaning, weeping, and wailing. We ran a grim gauntlet of fear, pain, and immeasurable suffering. You could not look at the pleading, frightened eyes turned toward you from all sides without shuddering. The women beseeched us to take them with us, they complained of the lack of food, they spoke of children left alone at home, and they asked us to tell the truth about what we had seen. The main truth was that the hostage tally runs not into hundreds, as the headquarters' representatives are saying, but into thousands. Deputy Chief Physician Kostyuchenko told us that there are now more than 2,000 people in the main hospital building. They include 300 medical workers and 400 patients. In the maternity unit there are pregnant women and mothers with new-born babies. But the total number of hostages, according to figures given by Dudayev's men, is around 5,000.

From the Editorial Office: As Aleksandr Mikhaylov, chief of the Federal Security Service Public Relations Center, told us, the report in the first few days that some of the gunmen had taken a group of hostages to Chechnya is untrue. All the hostages are in the hospital and those gunmen who have fallen behind Basayev's detachment have been neutralized. [IZVESTIYA editorial note ends]

Our visit was unexpectedly interrupted by a fierce burst of gunfire. The window panes rang as they were shattered and the sound of weeping intensified. We were lying on the floor among the hostages and the gunmen. The latter cursed the Russian military, who had promised not to shoot. As soon as things quietened down we were hastily shepherded into the basement. Some chairs had been arranged in the middle of the room. The press conference began. It was opened and conducted by Shamil Basayev, well known to many of us as the number one gunman in Chechnya.

He called his group a reconnaissance and sabotage battalion whose mission was to reach Moscow and take the Kremlin. We wanted to see the Russian authorities bomb their own capital, Shamil said. The gunmen had grown tired of fighting in Chechnya. They had grown tired of seeing civilians being killed in the villages. "We fire on the military but they fire on our villages." This is a war to annihilate the Chechen people. According to Shamil, he himself lost all his many relatives, including babes in arms, in a single day when the village was attacked with vacuum bombs. The villagers asked the gunmen to leave the population centers. That was when the idea of going to Russia was born, the main aim being to end the war or die and take as many Russians with you as possible. Our interlocutor rejected the idea that his battalion had been sent on the orders of D. Dudayev or A. Maskhadov. "We planned this action independently," he said. Basayev was unable even to inform his president of his departure because after the fall of Vedeno his detachment lost contact with the republic's leadership.

Shamil claimed that Budennovsk had been captured by chance. The gunmen simply did not have enough money left to bribe personnel of the State Motor Vehicle Inspectorate, who were too greedy, in the field commander's opinion. In exchange for bribes varying from 5,000 rubles to 500,000 rubles per gunman, Basayev said, the 210-man detachment managed to travel from Vedeno to Budennovsk and had no problems striking deals either with the Russian military or the police. "When they stopped us at Budennovsk, I had just $100 left in my pocket," the commander said. They had to change their plans there and then. He set his subordinates the following main mission: Take as many hostages as possible. The armed resistance which they encountered on the streets took the gunmen by surprise. When Shamil was informed that 20 gunmen had been wounded and that the local medics were taking them along with injured townspeople off to the hospital he made the decision to take the hostages there. He did not want to abandon his boys, even though the prior arrangement that they had on this occasion was unprecedented: They would not let the wounded slow them down.

Basayev listed his losses on the day that Budennovsk was captured as eight dead and 12 wounded (not 20 as he had initially been informed). To judge from his subsequent account, the battalion also suffered losses afterwards — from the bullets of Russian snipers. In response Shamil ordered the shooting of hostages. The commander agreed with the idea that one of his subordinates voiced at the press conference: that they had organized a filtration camp here in the hospital like the Russians did in Chechnya. The candidates for execution are selected primarily from the military and the militia. Basayev promised not to shoot ordinary civilians. But if the building is stormed the Russian subunits will do that.

The telephone conversations with the hostage release headquarters angered Shamil. The people at the other end of the line, he said, are promising to shoot 2,000 Stavropol Chechens. He considers the threats ludicrous because the local Chechens are Russian citizens who have absolutely no connection with Chechnya. After we sorted the hostages into groups, our interlocutor said, we released some Vietnamese and Turks who were among them. But we kept the local Chechens who are Russian Federation citizens.

As for the gunfire which occurred as we approached the building, Basayev suggested that the Russian military were after the journalists. We were saved, he said, by the thorough check carried out downstairs on his orders. If we had been allowed immediately into the room prepared for the meeting on the second story we would have suffered losses, Shamil believes. The fire was aimed at this location and a medical orderly there was wounded.

Finally the battalion commander reiterated his demands: the end of the war in Chechnya, the withdrawal of the Russian troops, and top-level peace talks.

We were led back along the corridors of weeping people. They counted us again. Everything tallied. Shamil went to phone the headquarters to tell them not to fire at us. Among the gunmen we saw a lad of about 15 with an automatic weapon in his hands. He was injured but cheerful nonetheless. Some young Chechen girls holding weapons walked past us. One of them, who was fairly young, wore a mask over her face. Generally speaking the gunmen prefer not to show their faces to the television cameras, many even forbid photographs to be taken. One of Dudayev's men asked us to check the contents of our pockets and bags and tell them if anything was missing. A loss was discovered: a colleague had lost his pager when he was lying on the ground during the shooting. A gunman suspiciously asked what the thing was for. When some foreigners showed him theirs that reassured him.

Permission to leave was received. We moved slowly along the dark and silent street until we heard the order: "Stand still! Advance one at a time! Ten meters. Documents ready for examination." These were our people.

Chernomyrdin Statement 16 Jun

LD1606181495 Moscow ITAR-TASS in English 1803 GMT 16 Jun 95

[FBIS Transcribed Text] MOSCOW, June 16 (Itar-Tass) — Russian Prime minister Viktor Chernomyrdin has made a statement on the situation in Budennovsk today.

The statement reads as follows:

"The Federal authorities continue energetic efforts to resolve the problem of the hostages by means of talks with the terrorists who are forcibly holding the people in a city hospital. A meeting has just ended at which the ways and means of the soonest release of the hostages were discussed. The Russian government is represented at the talks with the terrorists by deputy head of the regional administration Aleksandr Korobeynikov, who was given all the necessary powers.

I share the concern of the lawmakers of the State Duma over the lives of hundreds of Russians who fell victim to the terrorists. I would like to support an address made by the state Duma to all residents of the North Caucasus, urging them to display constraint, not give way to despair and thought of revenge and prevent this war from turning into an inter-ethnic war."

On Thursday, Chernomyrdin interrupted his vacation and urgently returned to Moscow in connection with the tragic developments in Budennovsk which was attacked on Wednesday by group of armed terrorists. The terrorists killed several dozens peaceful civilians and took several hundred people hostage.

Dudayev Spokesman Denies 'Actions'

LD1606162495 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 16 Jun 95

[FBIS Translated Text] Khamad Kurbanov, Dzhokhar Dudayev's permanent representative, held a news conference in Moscow today:

[Begin Kurbanov recording] As an official government representative of the Chechen republic, I have to declare that the government of the Chechen republic and the president of the Chechen republic have not been planning any actions on the territory of the Russian Federation either in the past or at present. It is true that, in the words of the president of the Chechen republic, Dzhokhar Dudayev, we had warned a month ago, three months ago, that should the military events in the territory of the Chechen republic take such a course, actions similar to those which are taking place today in Budennovsk could occur. No such actions were ever planned and no official documents, signed or adopted by the government, parliament, or the president of the Chechen republic in connection with such measures, exist or have ever existed. [end recording]

Chechen Minister Cited on Events

LD1606192295 Moscow ITAR-TASS in English 1846 GMT 16 Jun 95

[By Dmitriy Gorokhov and Valeriy Sevryukov]

[FBIS Transcribed Text] MOSCOW, June 16 (Itar-Tass) — "The Chechen people should not be identified with the criminals who committed the gangster crime in Budennovsk," the Chechen republic's minister for foreign and foreign economic relations, Ruslan Madiyev, said at a meeting of the consultative council of the subjects of Federation which opened in the Russian Foreign Ministry on Friday.

The Minister on behalf of the Committee for National Concord and the Government of National Revival of Chechnya expressed deep condolences to the families of the people who were killed or injured as a result of the act of terror in Budennovsk.

More than three years of the Dudayev rule resulted in a complete collapse of the republic's economy, the Minister said. Everything of even the smallest value has been plundered, he added.

For almost four years, "that gang of criminals with connivance and with participation of certain groups in Moscow trampled on the rights of all people who lived in Chechnya, plundered and destroyed its economy," the Minister said.

"Dudayev and his regime is a bitter fruit of our Russian reality," he said.

The military activity aimed at disarming the illegally armed groups led to an almost complete destruction of Groznyy and other cities and villages of the republic, Madiyev said.

In these conditions, it is extremely important to attract foreign investments and integrate Chechnya in the Russian economy, as well as in the international economic processes, along with the thrifty use of the resources provided by the government of the Russian Federation to restore the republic's economy and social sphere, Madiyev said.

Chechnya's participation in the programmes sponsored by UNESCO, UNIDO [United Nations Industrial Development Organization] and other international organisations would be of considerable assistance to the republic, he said.

At present, Chechnya needs, more than any other region in Russia, an abundant provision of information particularly on legal matters, as well as highly qualified specialists in international relations, Madiyev said.

Chechnya is also experiencing an acute shortage of new construction, oil processing, agricultural and other technologies. In order to acquire them it needs to establish direct contacts with Western companies, the Minister said, adding that it was advisable to expedite a decision on the opening of Chechnya's representation offices in foreign countries.

Ruslan Madiyev expressed the hope that "the Chechen knot will be undone by common efforts, and dignified, civilised relations will be built both inside the country and on the international arena."

Statement Pledges 'All Measures'

LD1706132595 Moscow ITAR-TASS in English 1252 GMT 17 Jun 95

[FBIS Transcribed Text] MOSCOW, June 17 (Itar-Tass) — The Interior Ministry, the Public Prosecutor's Office and the Federal Security Service said they will take all measures to stop the "unprecedented bloody act of violence" in the southern Russian town of Budennovsk where terrorists still hold about 1,000 hostages.

In a joint statement issued on Saturday, the three law enforcement agencies said they will take "all measures to stop the unprecedented bloody act of violence against the peaceful residents of the town of Budennovsk and will use all available means to prevent terrorist acts not only in the North Caucasus, but on the entire territory of Russia."

Law enforcement agencies and their personnel were and remain committed to law and their duty, the statement said.

The statement placed responsibility for the bloodshed on the "criminal Dudayev regime which has created a favourable climate for the proliferation of gangsterism" in Russia.

Yeltsin Cited on Budennovsk Events

LD1706141195 Moscow ITAR-TASS World Service in Russian 1328 GMT 17 Jun 95

[By ITAR-TASS special correspondent Andrey Shtorkh]

[FBIS Translated Text] Halifax, 17 Jun (ITAR-TASS) — At a "G-8" working dinner on Friday, the tragedy in Budennovsk was discussed in great detail, and the subject prompted world leaders to embrace the idea that efforts had to be pooled in the fight against terrorism and organized crime. This was stated in reply to a question from an ITAR-TASS correspondent by Russian President Boris Yeltsin. He had a meeting with journalists just before the start of the work programme of the third day of the Halifax summit.

Only through joint efforts can we cope with the outburst of banditry, the Russian head of state emphasized.

"Although the day has been very busy, my head keeps thinking about Budennovsk, information has been arriving constantly, and I have kept in touch with ministers and other leaders," Boris Yeltsin said.

The storming of the ancillary premises has begun, and 160 people have been released already, but five people have been killed, the president said. But the storming of the main building of the hospital in Budennovsk is scheduled for today. The decision to attack "was taken beforehand with Interior Minister Viktor Yerin before my departure for Halifax," Boris Yeltsin said. We agreed to wait for a day or 26 hours and "to make preparations so as not to get things wrong."

At the request of Russian journalists, Boris Yeltsin made it clear that the events in Budennovsk have brought about a great change in the attitude taken by world opinion towards the events in Chechnya. According to him, "there was a whole discussion about it yesterday, and everyone decided firmly" that it had to be included in the communique, and that everyone needs to act in concert.

Chernomyrdin Gives Kovalev Authority

LD1706194695 Moscow Russian Television Network in Russian 1900 GMT 17 Jun 95

[From the "Vesti" newscast]

[FBIS Translated Text] Viktor Chernomyrdin's press secretary has just telephoned us to say that the Russian prime minister has been speaking to Sergey Kovalev. Viktor Chernomyrdin has given Kovalev full authority necessary to hold negotiations with the terrorists' ring leader, Shamil Basayev.

The report also notes that a similar mandate already given to the Internal Affairs Minister Viktor Yerin, Sergey Stepashin, the director of the Federal Security Service, Deputy Prime Minister Nikolay Yegorov, and authorized representative Aleksandr Korobeynikov also remain in force.

Chernomyrdin Said To Agree to Truce

LD1706220695 Moscow Radiostantsiya Ekho Moskvy in Russian 2200 GMT 17 Jun 95

[FBIS Translated Text] It has become known that Viktor Chernomyrdin has promised to meet the demand of a cease-fire in Chechnya and the start of talks with the Dudayev administration.

Chernomyrdin Talks to Negotiators

LD1706235295 Moscow Russian Television Network in Russian 2254 GMT 17 Jun 95

[FBIS Translated Text] The time in Moscow is 0254 [2254 GMT]. We thank everyone who is not indifferent to the fate of hundreds of people and who have not turned off their television sets. We are now going to show a video recording of a telephone conversation that took place literally 20 minutes ago between Russian Prime Minister Viktor Chernomyrdin and the government's representatives in Budennovsk, who have been authorized to negotiate with Shamil Basayev. Our crew was present at the conversation. Here is their report.

[Begin recording] [Chernomyrdin] Hello.

[Yegorov] Hello, Viktor Stepanovich.

[Chernomyrdin] Good evening once again, Nikolay Dmitriyevich.

[Yegorov] Good evening.

[Chernomyrdin] Go on then, what is the latest?

[Yegorov] Viktor Stepanovich, I can report that 14 people have just been released following the news conference, including three women, three children, and four wounded. Negotiations (?were under way) with a group of representatives of the government, including Lieutenant General Medveditskiy, the chief of the Internal Affairs Directorate; Sergey Kovalev; and Aleksandr Korobeynikov. I think Lt. Gen. Medveditskiy can give you a more detailed report.

[Chernomyrdin] All right, Nikolay Dmitriyevich, let Sergey report. Hello.

[Medveditskiy] Hello.

[Chernomyrdin] Yes, yes, I can hear you.

[Medveditskiy] [words indistinct]

[Chernomyrdin] Hello, Viktor Konstantinovich.

[Medveditskiy] Well, what can I say? Yesterday's talks were very long, as usual in these Caucasian countries, [words indistinct] for Russia [words indistinct] of the Chechen people, and threats to the hostages, including of their destruction. [passage indistinct] Then today they started calling every little while, saying let us talk and settle these issues. Talks and negotiations went on the whole day. As a result, they released 14 people, [passage indistinct] second, and most important, to release all the hostages except a small group to guarantee their safety. Well, you can understand that, he is a murderer and a criminal.

[Chernomyrdin] So what conditions are they putting forward?

[Medveditskiy] Cease combat activity and bombing in Chechnya, and settle all other problems, including [word indistinct] by way of negotiations.

[Chernomyrdin] Right. And that is it?

[Medveditskiy] Yes.

[Chernomyrdin] For that they release all of the hostages?

[Medveditskiy] Minus a significant group to provide a guarantee of their safety.

[Chernomyrdin] Hmm. What needs to be done for that? I am ready to give all of the orders. I am ready to do it through you or talk to them now, with any... [Chernomyrdin pauses] What are our actions? What do you suggest?

[Medveditskiy] As far as I know, the leader said there should be a kind of statement, made in the appropriate way.

[Chernomyrdin] Well, right now I am talking to you, and the media are listening to us. They are next to me here. The whole country is in such a state today that no one can work or rest calmly. I can make a statement right away, and take measures right away.

[Medveditskiy] Understood.

[Chernomyrdin] So what is needed? Who should I say it to, through whom? I am ready to talk to him.

[Medveditskiy] I think it is for you to decide. You could just read a statement.

[Chernomyrdin] Right now. I am making a decision. I state officially that bombings and military action will stop. A negotiation process will begin. I have already formed a team for the talks. The team will fly to Chechnya tomorrow. However, if this is to be done, it is necessary that all the hostages are released.

Are they ready to do this work and carry out this task today, right now? [Chernomyrdin pauses] Viktor Konstantinovich?

[Medveditskiy] Yes.

[Chernomyrdin] Can you hear me? What do I have to do for this now? Who has to.... [Chernomyrdin pauses] Are they prepared to make this decision? I am going to make this statement now.

[Medveditskiy] Right. Now what we have here is this. Talks were held. He did not add anything. The conversation was also heard by Sergey Kovalev, the respected deputy of the State Duma.

[Chernomyrdin] Was Kovalev there at the time?

[Medveditskiy] Yes, he was sitting opposite me.

[Chernomyrdin] All right then, is he near? Can he hear what we are saying now?

[Medveditskiy] No, he has already left.

[Chernomyrdin] Has he?

[Medveditskiy] Yes.

[Chernomyrdin] Why did you let him go? [Chernomyrdin pauses] Where did he go?

[Medveditskiy] He left for the hotel.

[Chernomyrdin] Now that is really bad. All right, with regard to our actions. After we have finished our conversation, can I make this statement? You see, we can be heard right now by the mass media. So can we arrange it so that I can dictate a statement to this man Basayev?

[Medveditskiy] Absolutely [word indistinct]. What we have is something totally unprecedented, without any parallel anywhere in the world.

[Chernomyrdin] All right, let us do it this way. I would like to ask you to talk to Basayev right now. Contact him on the phone. I am prepared to speak to him. We can be hooked up with him. But it is necessary for everyone to be present. I will make a statement, but everyone should be present, so that they all can hear our conversation — the deputies, government representatives and Stavropol Territory representatives. Can this be arranged?

[Medveditskiy] [sentence indistinct]

[Chernomyrdin] Why are you talking about time, Viktor Konstantinovich? Please go ahead, we are all here.

[Medveditskiy] I understand.

[Chernomyrdin] How much time do you need for this?

[Medveditskiy] [sentence indistinct]

[Chernomyrdin] All right, let us do it this way. I am here, in my office. Tell me all the contacts, who I have to call and contact. Or you can arrange the contacts yourself, but make sure that you have people around you, so that they can hear everything because this statement is to go out to the whole country.

[Medveditskiy] I understand, Viktor Stepanovich.

[Chernomyrdin] So I will wait for your call.

[Medveditskiy] Understood, Viktor Stepanovich.

[Chernomyrdin] That is it, we will be waiting here. [end recording]

[Ponomarev] At this time Viktor Chernomyrdin is already talking to Shamil Basayev, a direct link has been set up between them. The "Russia" TV channel is the only TV channel that has never stopped broadcasting in difficult times for the country, and we will stay on air now. We are waiting for the results of the talks. As soon as filming stops we will show them to viewers of the whole world, especially as representatives of most of the world's TV agencies are in constant contact with us, also waiting for this report. The attention of the whole world is riveted to events in Budennovsk.

Further Phone Talks Reported

LD1806085295 Moscow Russian Television Network in Russian 0008 GMT 18 Jun 95

[From the "Vesti" newscast]

[FBIS Translated Text] Good morning, it is 0408 Moscow Time. A special edition of the "Vesti" program of Russia TV channel is on the air.

Here is a recording of a telephone conversation which took place about an hour ago between Russian Prime Minister Viktor Chernomyrdin and Shamil Basayev, leader of the gang which has entrenched itself in Budennovsk and has taken hostages.

Unfortunately, there have been some communications problems, and this makes it impossible to hear what Shamil Basayev is saying. We will hear only what Viktor Chernomyrdin is saying. Yet much of what was said at the other end of the telephone line can be guessed if one has been following the development of the situation.

There is another thing I would like to point out to you. Even those who do not know the nuts and bolts of the art of television will certainly notice that some parts of the recording have been spliced and there are some signs of montage. Only long pauses and several unimportant phrases have been cut out from this material.

So, here is a recording of the telephone conversation between Viktor Chernomyrdin and Shamil Basayev.

[Begin recording] [Chernomyrdin] [video shows Chernomyrdin picking up receiver in office] Hello. This is Chernomyrdin. Hello. Am I speaking to Shamil Basayev?

[Basayev] Yes.

[Chernomyrdin] Good evening, or, good morning — it's hard to know which.

[Basayev] I can hardly hear you.

[Chernomyrdin] What? The line is bad? [pauses] Is it any better now? No one is going to do any shooting. That's out of the question. I repeat: There will be no shooting while you and I are talking and measures are taken. Hallo? We will now try to make adjustments so that we hear you better. At the moment it is very difficult to understand what you are saying. Do you hear me now?

And so, let me know if I understood you correctly. The conditions you put forward are the cessation of fighting and bombing in Chechnya, disengagement of the troops, and the solving of all other issues by peaceful means. Did I understand this right? [long pause]

What?

I am saying this once again: Everything else has to be solved by constitutional means. The main issue to be solved now is what is happening today in Budennovsk. I am saying this again, as I told you before, I repeat: A group of journalists is listening to our conversation. I am now ready to make a statement with regard to all the conditions you have set. I am making a statement right now. But I have one condition: Release the hostages immediately. My statement will be released to all the mass media at once. It will be an official government statement.

Yes. [long pause]

Shamil Basayev, I am telling you that I am going to issue a command immediately, at once, ordering a halt to military operations and all the bombing in Chechnya. [pause]

Hallo? Yes, there's noise on the line. We are now making the decision to end military operations and bombing in Chechnya this very minute, today. That's the first part. The second part is to solve all problems by negotiation only. For this we have now drawn up a negotiating team led by the first deputy nationalities minister. The team includes Arkadiy Ivanovich Volskiy to represent public organizations; Anatoliy Sergeyevich Kulikov, the commander, who is there [in Chechnya] now; and Deputy Prime Minister Nikolay Ivanovich Semenov, who is also in Chechnya today.

Yes, yes, yes. Hello? Shamil Basayev, hello? What I am saying is that the team is flying out to Chechnya tomorrow morning to begin official negotiations. You just have to say whom these negotiations should be held with on your side, in what place and at what level. [pauses]

By all means, but we would rather you didn't include that name. Tell us the names of those who are able to negotiate. Tell us the names of those who are realistically able to hold talks. He cannot — he isn't there, he can't be contacted anywhere. As a matter of fact, there is no point trying to hold talks with him. He just isn't there.

Shamil Basayev, I am asking you again. It is important that our conversations and our actions are not just idle talk. We have to take measures, we have to act. And the government is now ready to take such actions, such measures. Therefore, I am saying this again: I agree to everything. Go on, form a team which can realistically conduct negotiations. You know that democratic elections are planned to be held and will be held in Chechnya? Not simply elections, but elections which will be monitored by international organizations, among others. You know that the government has decided to allow absolutely everyone there to take part in these elections. [pauses]

Shamil Basayev, the status has been defined. The Republic of Chechnya is part of the Russian Federation. Its status has been defined.

Everything that should happen subsequently should be done in accordance with the Constitution. These issues will be dealt with at the negotiating table, before the elections. Then the elections will be held, and at these elections the Chechen people will elect all of its own power bodies.

You know that Russia has a Constitution and that I cannot say anything which goes against the Constitution. You know that the Chechen people themselves will decide everything else within the framework of the Russian Constitution by exercising their will at the elections. All those willing to take part in the elections will be able to do so. You know that we already stated this and told this to all the world community. What else are we to do?

Shamil Basayev, we can go on talking at great length and, of course, each of us could stick to his opinion — if we did not have a situation such as we have here today. Do you really think that the people who are now being kept hostage today are guilty of anything? What do they have to do with all this?

On the three questions which you raised now. We are stopping the use of all types of force. Immediately after our conversation an order will be issued on cessation of all military operations in Chechnya on the side of the Russian armed forces. Everything will be stopped.

Yes. Well, concerning me, what will that change? We will only lose time even if I come there. I am ready to go anywhere you want me to. But that is not the point. I can only tell you again that all of this conversation we are now having is not simply being recorded — it is being recorded simultaneously by two television channels. I would like everyone to hear us so that there can be no going back for us. Measures need to be taken. So, let's take the measures. Who apart from us should take these measures? [pauses]

You know, this is an unfruitful talk. You know pretty well that we can simply go on talking. We could just talk again about the same matter tomorrow and the next day. You know that there can be no other solution to this. The Chechen people will decide everything. I wish to reiterate that this will be done in a most democratic way under the observation of all kinds of international organizations. What better decision could one wish for and could be better than this? I think that we should now try to find a way of the situation.

I would like to reiterate officially and with the full responsibility of my state position that I am accountable for my actions and for my words. [pauses]

All this is just a waste of time. It is just delaying things and will not achieve anything. [pauses]

Again, I have to say that this is just a waste of time. Shamil Basayev, once again I ask you to assess the situation in which we find ourselves today, in which you find yourself. Assess it correctly. [pauses]

Yes, yes, yes. Alright, till morning. Let's agree on this right now. We will make contact with you at 1000 in the morning. At 1000, or earlier if you like. I am ready at any time. Even now. How much time do you need to make your consultations? [pauses]

Shamil Basayev, I want to repeat that I am at work and I am responsible for everything that goes on in the country today. I am ready. You tell me when. How much time do you need for your consultations? [pauses]

You can't make it any earlier? [pauses]

No operations will be carried out there now. Let's agree on this. Maybe 0800 instead of 1000? [pauses]

Yes. Any time you like. Give me a time. [pauses]

At 1000. All right.

[Unidentified speaker — either Soskovets or Baturin who are both standing nearby] Boris Nikolayevich [Yeltsin] will come.

[Chernomyrdin] Alright, we'll speak to you by telephone at 1000. Alright, alright.

[Announcer] Unfortunately, we have been able to hear only one side of the conversation. Could you in any way [brief break in transmission]

[Chernomyrdin speaking to journalists following the conversation with Basayev] Yes, I can tell you that he brought up the three issues and then added a fourth: the holding of a referendum in Russia on the status of Chechnya. He wanted me to give a guarantee of this and make a decision. That is something I cannot do. Neither Chernomyrdin nor the government deals with issues like this — the declaring of a referendum in Russia in which the Russian people would define the status of Chechnya. You would have a referendum in Russia today, then a referendum in Europe. One can go too far in this. This the real point. He [word indistinct] to announce a referendum and let Russia decide the status of Chechnya.

[Unidentified correspondent] What about the releasing of the hostages?

[Chernomyrdin] He thinks everything will be resolved regarding the hostages if we announce a referendum on the status of Chechnya. The Russian Constitution defines the status of Chechnya. There can be no discussion about that. What really must be done now is to hold talks on the cessation of combat operation and bombing. It is now a matter of sitting down at the table and conducting these talks. But in this regard women and children and all the hostages must first be released. We are responsible for our decisions and for what we say. This is an official statement. This is not just any ordinary talk.

[Unidentified correspondent] Viktor Stepanovich [Chernomyrdin], who will he consult about all this?

[Chernomyrdin] Yes, he has to confer with his colleagues. Difficult to say who his colleagues are. Some are resting; they do shifts.

[Correspondent] Not with Dudayev?

[Chernomyrdin] It is difficult to say with whom. But he needs to have consultations. Therefore he needs until 1000 for consultations. I do not know with whom.

[Correspondent] Viktor Stepanovich, do you think Shamil Basayev is prepared to negotiate?

[Chernomyrdin] I have already spoken three times with him. Twice he had the same conditions spelled out — he demanded that we stop military operations and organize the negotiation process. At the same time he frees all the hostages, except several people who will be used as guarantee of his safety. I think these conditions are acceptable. This we understand.

Three people were present during that conversation. There was not just one person was present there during the conversation, there were three or four there: the deputy head of the Stavropol administration and [Lieutenant General] Viktor Konstantinovich [Medvedetskiy], head of the internal affairs directorate and [word indistinct]. After this they phoned me here, saying that these are the conditions and that if they are accepted, if an official statement is issued by the chairman of the government, all the hostages will be released apart from a few people to guarantee their safety. After this I asked to talk to him myself on a direct line in order to once again make sure that these conditions — be they right of wrong — should be met. This means I now have to make a decision. But now other conditions have been put forward. Well, thank you. [end recording]

[Announcer] And so, the next round of direct talks between Russian Prime Minister Chernomyrdin and Shamil Basayev will take place at 1000. By then Russian President Boris Yeltsin will be in Moscow.

And now the latest information from Budennovsk in this bulletin and, probably, for the past night: As soon as the conversation between Chernomyrdin and Basayev ended, the federal troops in Budennovsk were ordered not to open fire in any circumstances.

'Preliminary Agreement' With Basayev

LD1806052595 Moscow ITAR-TASS World Service in Russian 0118 GMT 18 Jun 95

[ITAR-TASS correspondent Andrey Yarushin]

[FBIS Translated Text] Moscow, 18 Jun (ITAR-TASS) — The end of the tragedy in Budennovsk may be near: Thanks to the initiative and decisive actions of Russian Premier Viktor Chernomyrdin — who made two telephone calls to the leader of the fighters, Shamil Basayev, during the night — a preliminary agreement has been reached on freeing the overwhelming majority of the hostages held since 14 June in the Budennovsk hospital with the exception, at Basayev's insistence, of "a small group as a security guarantee." The ITAR-TASS correspondent learned this at the Russian prime minister's reception tonight.

But before taking a final decision, Basayev asked for a postponement until 0600 GMT, citing the "need for consultations." The parties agreed on a new conversation at that time.

Viktor Chernomyrdin said that in return for the liberation of the hostages, he guaranteed on behalf of the Russian Government that military operations and bombing on the territory of Chechnya would cease immediately and completely and talks in that republic on a peace settlement would start immediately. According to the prime minister, the Russian delegation has already been drawn up and is ready to fly to Chechnya. The prime minister specified that it included Deputy Premier Nikolay Semenov; Colonel General Anatoliy Kulikov, commander of the combined group of federal forces in Chechnya, and Arkadiy Volskiy, who will represent public organizations. The delegation will be led by the first deputy minister for nationalities and regional policy [not further identified]. The delegation on the Chechen side has yet to be announced.

All of Chechnya's problems, the prime minister stressed, will be solved at the negotiating table in accordance with the Russian Constitution, after which the Chechen people themselves will elect all its authorities at free elections.

During his conversation with the prime minister, Basayev put forward a new condition: the holding of a referendum in the Russian Federation on the status of Chechnya. But Viktor Chernomyrdin pointed out that neither he nor the Russian Government could take such a decision as it went against the country's laws.

First Deputy Prime Minister Oleg Soskovets and Yuriy Baturin, Russian presidential aide on national security, were present during the conversation between Viktor Chernomyrdin and Shamil Basayev.

The conversation was broadcast on Russian Television straight after 0000 GMT.

Chernomyrdin, Basayev Talks 'Cut Short'

LD1806071495 Moscow ITAR-TASS World Service in Russian 0621 GMT 18 Jun 95

[By ITAR-TASS correspondents Lyudmila Perkina and Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 18 Jun (ITAR-TASS) — At 0610 GMT, a telephone call between Russian Premier Viktor Chernomyrdin and Shamil Basayev, leader of the fighters who have seized a large number of hostages in the town of Budennovsk in Stavropol Kray, began and was immediately cut short.

As an ITAR-TASS correspondent was told by the Russian prime minister that Basayev said that he was "unready" to continue the talks as he had "not had enough time" to discuss the conditions offered the fighters during the nighttime conversation with the prime minister. The two men agreed to resume their conversation at 0700 GMT.

The main issue for the talks is the conditions for the hostages' release.

Basayev Holds News Conference

LD1806080995 Moscow ITAR-TASS World Service in Russian 0653 GMT 18 Jun 95

[Ellipses as received]

[FBIS Translated Text] Budennovsk, 18 Jun (ITAR-TASS) — "It's true I shot some people," Shamil Basayev, leader of the group of terrorists which took a large group of civilians hostage in the Budennovsk hospital, has admitted. Speaking at a news conference in the hospital, he told journalists surrounding him: "We called the hospital a screening center, and we shot dead six pilots and military personnel, and militia personnel. After that... another five people were shot on my orders; none of them was a hostage, but they were among those sent out to us afterwards, pretending to be drunk."

Explaining the reason for these killings, Basayev said: "I gave a warning that if I was shot at I would kill five people for every one wounded and 10 people for every one killed... That number isn't accidental; it's the number from Groznyy, from Chechnya, when Russian soldiers would say: 10 'blacks' [Chechens] for every Russian."

Moscow TV on Basayev News Conference

LD1806104695 Moscow Russian Public Television First Channel Network in Russian 0600 GMT 18 Jun 95

[Report by Oleg Petrovskiy on news conference by Shamil Basayev, leader of Chechen group holding hostages at Budennovsk hospital; from the "Novosti" newscast]

[FBIS Translated Text] At 2300 yesterday, at the demand of the leader of the Chechen terrorists, a news conference was held in the besieged hospital. Just 10 people were sent to the news conference, from over two dozen television companies and news agencies from all over the world which are working in Budennovsk now. Among them was a camera crew from the Stavropol state TV and radio company — the only Russian TV company at the news conference. Under cover of darkness, accompanied by Sergey Popov, chairman of the Stavropol Territory nationalities commission, and Ivan Shlyakhtin, press secretary of the temporary headquarters in Budennovsk, and under the cover of unarmed officers of the Russian federal troops, the group of journalists was delivered into the smoke-filled air of the hospital. [Video shows casualties lying on dirty mattresses in corridor, and doctors, nurses.]

[Begin recording] [Basayev] I do not consider myself a terrorist. I am fighting a diversionary action. There is a war on today. If you don't think what has been going on at home in Chechnya for the past six months is terrorism, if that isn't considered terrorism, especially as there was no official declaration of war or of anything, even if Chechnya was considered a constituent entity of the Federation and a state of emergency was declared [as heard] — if that wasn't terrorism, how can this be?

[Unidentified correspondent] Please tell us why you have organized a second news conference.

[Basayev] I have organized a second news conference on today's events here. To tell the truth I didn't organize it; Anatoliy Mikhailovich advised it and helped gather the journalists. That's so you — I won't say anything. There was fighting here at 1100, from 0400 [as heard], and let people tell you calmly what happened, what went on. That's the important thing.

I have been assured now that Russian Prime Minister Chernomyrdin has agreed to accept the conditions for the sake of saving the lives of 5,000 people, and that tomorrow he is flying to Budennovsk. Time will tell. If we survive till morning we will see. I have no communications with Dudayev or anyone else.

[Correspondent] Is it true that you have shot hostages?

[Basayev] No. It is true that I have shot people. When we got in position here I gave a warning that if we were fired on, five people would be killed for every wounded person, and 10 killed for every person killed. That's what I decided, and that's what I said. Those are not accidental numbers. The numbers come from Groznyy in Chechnya, where Russian soldiers stated the price: 10 Chechens for every Russian. We just wanted to try this here. These people, we have called this hospital a filtration point. I shot six pilots and soldiers and militiamen. Then, yesterday, or the day before yesterday, before the last news conference, another five people were shot on my orders. Again, not from among the hostages but from among the people who were sent to us afterwards, pretending to be drunk, staggering, who came in here.

[Correspondent] How far do you believe the promises of the Russian authorities, including the prime minister?

[Basayev] Well, that's not a serious question. The prime minister is an official, and if the leader of the government of a country like this makes an official statement, and officially takes responsibility for something, I think there are no reasons not to believe it. The question of surrender is categorically unacceptable, because I am a Chechen and Chechens do not surrender. [end recording]

Basayev Names Chief Negotiator

LD1806080595 Moscow Russian Television Network in Russian 0740 GMT 18 Jun 95

[From the "Vesti" program]

[FBIS Translated Text] I have just been given a few details of the conversation that took place between Viktor Chernomyrdin and Shamil Basayev at 0700 GMT. Basayev said the delegation at the talks will be headed by [Chechen Justice Minister] Usman Imayev. He also insisted, as previously, on a full cease-fire and cessation of bombardments in Chechnya. He does not know anything about Dzhokhar Dudayev's whereabouts either. The demand of the Russian Government is the immediate release of all the hostages. Viktor Chernomyrdin has held a conference on the composition of the Russian delegation at the talks and provision of transport for Basayev. Another 100 hostages, mainly women and children, have now been released.

Chernomyrdin Comments Cited

LD1806093995 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 18 Jun 95

[From the "Novosti" program]

[FBIS Translated Text] Another telephone conversation between Prime Minister Viktor Chernomyrdin and Shamil Basayev, leader of the militants who took hostages in the town of Budennovsk, took place at 0700 GMT today.

[Begin recording] [Chernomyrdin, on phone] I am asking you to prepare people for release immediately. Prepare people for release.... [pauses] Good. I am listening. I am repeating again: I have just given orders not to carry out any military actions. Provocations are under way. Shamil Basayev, I am saying this again: These are provocations, there are people there who can provoke. Moreover, one should not react to them. O.K. that is all. When I receive the document and my plenipotentiary will be there and we will speak on the telephone later again. Good. [Chernomyrdin puts down phone. Video then shows Chernomyrdin addressing First Deputy Prime Minister Oleg Soskovets; Vitaliy Ignatenko, deputy prime minister and ITAR-TASS director; and unidentified correspondents.]

Well, what can I tell you? You have heard the conversation. Now I am waiting to have the conditions deciphered. These conditions are: to stop military actions and bombardments; to organize a negotiating process — Usman Imayev, former procurator, has been nominated on their part — and organize the time for the talks and my statement that confirms these conditions. I understood — however, reception was very poor so I am waiting for the transcript — that he asked for transport to collect him. That was all we discussed. We will receive shortly the transcript and then make orders. At the same time, he undertakes to release — the reception was very poor — first of all, 100 children and 100 women and after that all the other hostages. We shall see.

[Correspondent] Viktor Stepanovich, what was the statement? I understood he was dictating a statement. Was it a statement they wrote on your behalf?

[Chernomyrdin] No, they want me to make a statement to confirm what I just said in the conversation. I have already made this statement in front of you. Both the statement and the decision. Now we need to appoint the time.

[Correspondent] Viktor Stepanovich, have the orders been given to stop military actions?

[Chernomyrdin] Yes, the orders will be given now. Now we just need to appoint the time. As soon as the operation to release the hostages gets under way, the orders to stop military actions and begin talks will follow immediately.

[Correspondent] Viktor Stepanovich, do you not think that if Dudayev is sent to Turkey or any other country, it will be a center of constant provocations against Russia?

[Chernomyrdin] I must tell you that nobody is dealing with this, I mean, nobody is sending him anywhere and there is no such issue — I mean about Dudayev — on the agenda. Information is coming from all directions that Turkey or some other countries have agreed to receive him. We do not have official information to this effect. Nobody has approached us with this question. There has been no contact with Dudayev recently. At least, not through official channels. On the contrary, yesterday field commanders were asking us to organize communication with Dudayev. Therefore, I spoke to everyone again today and warned everyone that this process cannot be delayed any longer.

[Correspondent] Have you spoken to the president today?

[Chernomyrdin] Of course I have. Now, when we receive the transcript we will take the decision and appoint the final time when.... [pauses] Is this being broadcast?

[Unidentified person] Yes, they are receiving this now.

[Chernomyrdin] Good.

[Correspondent] Viktor Stepanovich, did you have a sleepless night? [Chernomyrdin does not reply and leaves the room] [end recording]

Third Talks With Basayev Reported

LD1806134895 Moscow Russian Television Network in Russian 1143 GMT 18 Jun 95

[From the "Vesti" newscast]

[FBIS Translated Text] Viktor Chernomyrdin held the third set of telephone negotiations with terrorist leader Shamil Basayev today. Here is a video recording of their conversation.

[Begin recording] [Chernomyrdin] Hello, this is Chernomyrdin. Good day once again. So, what we were talking about? We have received the statement you made, and we have discussed all these issues here, as I told you at the beginning, and now we have drawn up an official government statement. I'll read it now, for the media and everybody, and it will be delivered to you now. I'll read it so you can hear the basic points, and in a few minutes it will be delivered to you.

[Chernomyrdin reads from paper] For the purposes of releasing [pauses] Statement by the Government of the Russian Federation. For the purposes of releasing the hostages held in the town of Budennovsk:

1. The Government of the Russian Federation guarantees the immediate cessation of combat activities and bombardments on the territory of Chechnya, from a certain time which will now be agreed with you. At the same time as this, all children, women, old people, sick, and wounded from among the hostages must be released.

2. The Government of the Russian Federation has appointed a plenipotentiary delegation for negotiations on a peaceful settlement in the Chechen Republic. The leader of the delegation is Mikhaylov, and his deputy is Arkadiy Volskiy. Negotiations will start immediately, on 18 June 1995, as soon as the delegation arrives in Groznyy. They will be there in an hour and a half.

3. When all the remaining hostages are released, the Government of the Russian Federation will provide transport facilities for Basayev and his group to travel to their destination and provide for their full security to arrive on the territory of the Chechen Republic.

4. The Government of the Russian Federation charges the Russian government's plenipotentiary representatives Korobeynikov and Medveditskiy with delivering this statement.

[signed] Chairman of the government

[Chernomyrdin speaks to journalists] Well, you have the statement, the statement that was read out just now. Now we have to hand it over to the mass media. But we will have another talk with him when he has received it. It is one thing to hear it and another to read it. Some questions might arise.

[Unidentified correspondent] [passage indistinct on release of hostages]

[Chernomyrdin] As soon as he receives it. The statement will already be in force by then. This means there will be enough time. As soon as we issue the order to stop the military operations in Chechnya, hostages [word indistinct].

[Unidentified correspondent] [passage indistinct on number of hostages remaining]

[Chernomyrdin] Still the same. He told me that just now they have released 120 women and children. How many are left is difficult to say yet. We estimate it to be about 700 people.

There is one more thing I will say and then I must let you go to get on with your work.

[Unidentified correspondent] [passage indistinct on Basayev's initial reaction to the statement]

[Chernomyrdin] In principle, I have answered all the questions he raised in his statement. The government will guarantee the only thing he was asking for — that the convoy group accompany him and that some appointed representatives be named. When he gives names, the government will guarantee this.

[Unidentified correspondent] [passage indistinct on Basayev's complaints about provocations]

[Chernomyrdin] He complained about the shooting. I was just saying that the main shooting is going on in Chechnya. It will continue until the statement is accepted and the timetable agreed upon, because I am not giving any orders, at least not until the main question is solved. [passage indistinct: two similar questions]

[Chernomyrdin] The main issue now is to free women, children, the sick, and the wounded. This will be the first stage. The second stage is to give them transport and to free all the rest, at the same time stopping all the military operations and all the rest of it — and to keep conducting negotiations. The government group is now flying out there. It will be in Groznyy at six o'clock [time zone unspecified]. The group will conduct negotiations on all the remaining problems and questions.

We would like to stop this whole business altogether. Enough of promises and enough of talk! The negotiation process should start and continue so that we put an end to all of this. This is what is needed now and this is what is being done. This is the point of the measures we are taking. [end recording]

Chernomyrdin Reads Statement to Basayev

LD1806115995 Moscow ITAR-TASS World Service in Russian 1143 GMT 18 Jun 95

[By ITAR-TASS correspondents Lyudmila Perkina and Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 18 Jun (ITAR-TASS) — At 1510 today Moscow time [1110 GMT] Prime Minister Viktor Chernomyrdin read out a statement by the Government of the Russian Federation to Shamil Basayev, commander of the militants who have taken a large group of hostages in Budennovsk.

It guarantees the cessation of hostilities and bombardments on the territory of Chechnya with the simultaneous release of all the children, women, elderly, sick, and wounded among the hostages. Upon the release of all the remaining hostages, Shamil Basayev and his group will be given means of transport to travel to the territory of the Chechen Republic with a guarantee of complete safety.

The government has appointed a plenipotentiary delegation led by Vyacheslav Mikhaylov, deputy minister for the affairs of nationalities and regional policy, to conduct the negotiations.

The statement will be conveyed to Shamil Basayev in Budennovsk, and after he has acquainted himself with it, it is proposed that he will again contact Viktor Chernomyrdin to specifically agree on the time of the cessation of military actions and other issues.

Basayev Given Government Statement

LD1806174795 Moscow ITAR-TASS in English 1537 GMT 18 Jun 95

[FBIS Transcribed Text] Budennovsk, June 18 (ITAR-TASS) — The text of the Russian government's statement containing its conditions for the release of hostages was handed over at 18:00 Moscow time on Sunday to Shamil Basayev, the leader of Chechen terrorists who are holding hundreds of hostages in the southern Russian town of Budennovsk, a Russian official said.

Andrey Chernenko, deputy Nationalities Minister, told Itar-Tass that the text was handed over by Stavropol region Interior Department chief Lieutenant-General Viktor Medveditskiy who has been authorised to conduct talks with the terrorists.

Chernenko said the terrorists are now discussing the government's statement.

The four-point statement contains the following terms and conditions:

"For the purpose of securing the release of the hostages who are being held in Budennovsk, the Government of the Russian Federation:

"1. Guarantees an immediate termination of combat activities, bombing and shelling on the territory of Chechnya from hours on June 18, 1995 [sentence as received]. Concurrently with this, all children, women, elderly and wounded people and patients from among the hostages must be set free.

"2. Appoints a plenipotentiary delegation for talks on the peaceful settlement in the Chechen republic and solution of other problems through negotiations. Vyacheslav Mikhailov (is appointed as) the leader of the delegation, Arkadiy Volskiy as his deputy. The talks begin without delay on June 18, 1995 upon the arrival of the delegation in the city of Groznyy.

"3. Upon the release of all the remaining hostages, (the government undertakes to) provide Shamil Basayev and his group with means of transportation to take them to destination and guarantees their full safety until the arrival on the territory of the Chechen republic.

"4. Entrusts the plenipotentiary representatives of the Government of the Russian Federation A.B. Korobeynikov and V.K. Medveditskiy with the delivery of this Statement to Basayev."

Basayev Claims To 'Trust' Chernomyrdin

LD1806124295 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1152 GMT 18 Jun 95

[FBIS Translated Text] "It grieves me that things turned out like this. I don't know how to apologize to the population of Budennovsk, but especially I do not regret my actions," Shamil Basayev, leader of the group holding the hostages in Budennovsk hospital, said in a telephone interview with the Ekho Moskvy radio station. "But do not the Russians grieve at all our dead, in the thousands and thousands?"

"So far no specific results of the talks can be seen, there is only Chernomyrdin's statement, which is good of course. Surely no-one wants pointless sacrifices, pointless suffering," Shamil Basayev emphasized.

He said there are signs that understandings are being implemented, in particular a deputies' delegation arrived at the hospital. However, at the same time armor also moved back up to the hospital and snipers are periodically shooting from the Russian side (there have been casualties, possibly because the shooting has not been hitting the target).

Basayev is not in a position to give the exact number of hostages in the building: "I have not counted them myself, there has been no counting."

Shamil Basayev denied that people from the hostages were shot: "I did not shoot hostages, but firstly prisoners who put up opposition, secondly military pilots, with whom we basically have a special relationship, and thirdly people sent here after we had fortified our position, that is special services personnel."

Basayev said that approximately 100 women and children were released straight after the telephone conversation with Viktor Chernomyrdin. At the time of the conversation with Ekho Moskvy (1000 GMT), four ambulances arrived at the hospital to evacuate several seriously ill people (approximately 10).

"Everything further will depend on specific steps — if they take place, I will release everyone," Shamil Basayev said. "I will fulfill everything irreproachably."

"I have no reason not to trust Chernomyrdin," Shamil Basayev said. "I do not know him personally, but trust the seriousness of the head of state's statement."

Shamil Basayev said that a group is being formed to guarantee the safe return to Chechnya of those who took part in the action in Budennovsk: "We will go home together with the deputies, journalists and accompanied by the security services. If there is a provocation, it will open the eyes of russians and the world."

Shamil Basayev does not think a repetition of such terrorist acts possible, "If all problems are decided in a peaceful way, as we agreed — firstly the question of the status of our republic. In this case I declare that there will be no such acts of terrorism anywhere. Otherwise others will do it instead of me."

More Chernomyrdin-Basayev Talks Held

LD1806103195 Moscow Russian Public Television First Channel Network in Russian 0900 GMT 18 Jun 95

[Phone conversation with Russian Prime Minister Viktor Chernomyrdin in his Moscow office and Shamil Basayev, leader of the Chechen militants holding hostages in Budennovsk, between 0707 and 0715 GMT on 18 June — recorded]

[FBIS Translated Excerpt] [Chernomyrdin] This is Chernomyrdin.

[Basayev] Good day. We have prepared....

[Chernomyrdin, interrupting] Good day. Whether it is going to be a good day today depends on you. I am listening.

[Basayev] Do you want me to present the text to you?

[Chernomyrdin] Go ahead.

[Basayev] It has been agreed to start at [time indistinct] hours on 18 June 1995....

[Chernomyrdin, interrupting] Hello, hello, Shamil Basayev. I got the first and the second conditions. What is the third?

[Basayev] Pardon?

[Chernomyrdin] What is the third?

[Basayev] [Passage indistinct]

[Chernomyrdin] I will repeat: to stop military actions and bombardments, to organize the negotiating process.

[turns to someone in office and asks in a quiet voice] Is this being recorded? [returns to phone] Hello, Shamil Basayev, I understood only the beginning, the first part of what you have read out: to stop military actions and bombardments, to organize the negotiating process for a peace settlement. Usman Imayev will lead the negotiating process on your side. [speaks louder] Usman Imayev will be the leader at the talks on your side. Next question?

[Basayev] [Passage indistinct]

[Chernomyrdin] Will you release everybody? The deadline for this?

[Basayev] [Passage indistinct]

[Chernomyrdin] My statement? O.K. Once again, can you repeat slowly because the reception is poor?

[Basayev] [Passage indistinct]

[Chernomyrdin] After that you will release whom? Once again, after the deadline, my statement, what is next?

[Basayev] [Passage indistinct]

[Chernomyrdin] You will immediately release 100 children, correct? [listens] Good. Can you hear me well? Millions of television viewers are watching this conversation. I am saying to you officially in front of everyone: All military actions and bombardments in Chechnya are being stopped now. We are organizing the talks. The talks will be held by a team, some who will come from Moscow and some who are already there in Chechnya. This comes into effect immediately. Therefore, first of all, I am asking you to release all the hostages: children, women, and patients, above all. I will take all necessary measures immediately and organize transport and everything. I will telephone you immediately. I am also asking you to prepare people for release immediately. [passage omitted]

Basayev Drops Demand for Referendum

LD1806094995 Moscow ITAR-TASS World Service in Russian 0910 GMT 18 Jun 95

[By ITAR-TASS special correspondent Aleksandr Kharchenko]

[FBIS Translated Excerpt] Budennovsk (Stavropol Kray), 18 Jun (ITAR-TASS) — The process of negotiations for the release of the hundreds of hostages seized by the militants led by Shamil Basayev is continuing, an ITAR-TASS correspondent was informed today by Andrey Chernenko, deputy minister for nationalities affairs and spokesman for the operational headquarters. In line with the accord reached, Basayev this morning handed over a written text of the terms on which the hostages might be released. They no longer include the holding of a Russia-wide referendum on Chechnya's status, which the militants had earlier put forward as one of their terms. Their only demands now are the cessation of combat actions in Chechnya and the transition to a peaceful settlement.

Immediately after it was received, the document was transmitted to Russian Prime Minister Viktor Chernomyrdin. [passage omitted: public meetings held in Budennovsk]

Chernomyrdin, Basayev Talk Again

LD1806163895 Moscow ITAR-TASS World Service in Russian 1606 GMT 18 Jun 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 18 Jun (ITAR-TASS) — At 1945 today Prime Minister Viktor Chernomyrdin had another telephone conversation with the commandos' leader, Shamil Basayev, the ITAR-TASS correspondent has learned from Russian Government sources.

The ITAR-TASS correspondent has been told at the government's press service that after talking to Budennovsk Viktor Chernomyrdin altered the second clause of today's government statement conveyed to Basayev. In particular, the new wording notes that "all issues of settlement, including troop disengagement, shall be solved through negotiations."

The first version of the statement authorized the government delegation "to hold talks on a peaceful settlement in the Chechen Republic and on solving all other issues." Now the passage about "solving other issues" has been excluded from the text.

Chernomyrdin Talks to Basayev 18 Jun

LD1806224295 Moscow Russian Television Network in Russian 1730 GMT 18 Jun 95

["Fourth" telephone conversation between Russian Prime Minister Viktor Chernomyrdin, in Moscow, and Chechen leader Shamil Basayev, in Budennovsk; Basayev portion of conversation inaudible — recorded]

[FBIS Translated Text] [Chernomyrdin] This is Chernomyrdin. So, once again, I have just been told that you have received the statement. Did you have any questions? You discussed it with the representatives, right? You have discussed with the representatives the government statement which I sent you. Did you receive it? I have just been told by Medveditskiy that you received it and discussed it with him.

So, once again, about the second point, right? Everything that has to do with the settlement. I am going to read it out to you, I am going to read it: All matters of settlement, including troop disengagement, shall be solved only through negotiations.

All right, I am adding that right now: They are to be solved exclusively through negotiations. [pauses]

So, once again: All issues of settlement, including troop disengagement... [pauses]

Yes, I am reading this to you. I have just sent a new text. [pauses]

No, wait a minute, listen. I have just sent you a new text with the following changes: All issues of settlement, including troop disengagement, shall be solved only through negotiations. The settlement of the events in Chechnya. [pauses]

So, I am writing it down right away. All issues of settlement... [pauses] Yes, of course, I will read it again. All issues of settlement, including troop disengagement, shall be solved only by peaceful means, only through negotiations. Is that correct? [pauses]

So, these changes that I am sending you...[pauses] I am also sitting in front of the camera. These statements are being broadcast right away. I have added them, and now I am going to show them [lifts peace of paper with text on to camera] These are the changes to my text. Is this sufficient? [pauses] Sufficient.

I am telling you once again, and I am going to connect you with the representatives from the power structures on the spot. No shooting. We must now formulate all the conditions. The transport has been made available. We must take it now and you will be escorted to the locality you named. Nothing more is necessary. [pauses] Yes. [pauses]

Which night? It is still two hours before night time. I am announcing officially in front of the entire country and the entire world that you are guaranteed everything! [long pause] We can talk endlessly like this! Then you must release all the hostages that are there. [pauses] Alright, release the women, the children, the sick, and the wounded now. I am telling you once again: Release them now. You will have the representatives now. Release the women, the children, the sick and the wounded. What do you say to that then? [pauses] Yes, agreed.

Listen, representatives will be at the hospital with you now. Representatives from the ministry, from the Stavropol Territory, from Budennovsk. Let these people go in front of the representatives. You can stay until the morning. [pauses]

Listen, you can't do this! Listen, the entire country and the entire world are listening to us. [pauses] You can't do it. [long pause; holds telephone receiver away from himself briefly; frowns]

Shamil Basayev, you and I talked at 1100 hours and after 1100 hours. New conditions were put forward. [pauses] What conditions? I talked to you on the basis of your statement. I agreed to all your conditions; we agreed to all the conditions that have been negotiated. I am coordinating them with you. You say it's me who is changing your time? If you want to leave at 0500 [0100 GMT] hours, go at 0500 hours. But release the women and children before 0500 hours. No, please do not go during the night. You do not have to leave during the night. Look, I am going to send (representatives?) so that they are there with you and the people. [pauses] I will send them now, and I want to negotiate with you and them together over the phone. [pauses] In one hour. Yes, in one hour. That's right, in the presence of everyone. We will talk over the phone in one hour. [Puts the telephone down]

[Announcer] During the conversation, Shamil Basayev said that he would not release even women and children before night time, and that he regretted having done it previously. He explains this by saying that the Russian side is not following all the conditions of the agreement, that it has not prepared the transport and that firing still continues around the hospital, and that two women had been wounded near the hospital.

TV on Chernomyrdin, Basayev Phone Call

LD1806235595 Moscow Russian Television Network in Russian 2245 GMT 18 Jun 95

[FBIS Translated Text] [Announcer Anna Fedotova] We are presenting a recording of the conversation between Viktor Chernomyrdin and the terrorists' leader, Shamil Basayev. The conversation took place at 0100 Moscow time. During the editing of the material for broadcasting, only repeats and pauses in the conversation were cut out. [video shows Chernomyrdin sitting at a desk, speaking into the telephone]

[Begin recording] [Chernomyrdin] Well, what is next? The reports I received about the beginning at 0500, were they correct?

I received reports about what has to be done. I've got them: seven Ikarus buses, including one without seats, refrigerated. They will be accompanied by the traffic police. Well, what else? I was told that you have decided to go to the area of Vedeno, right? Well, if all of this suits you, and I will repeat it — but how do you see the practical side of it? I asked you to let in the head of administration... [pauses to listen to Basayev]

What about the Duma? The State Duma is the State Duma! I need leaders there, those I can work with and those I can get answers from. You should allow the head of the administration, or representatives of the administration to come in, so that they can stay there the whole night, together with you and the people. To calm the people, to explain to them that this operation will start at 0500 hours. [pauses to listen]

I will say all of this now. But can you allow representatives to come in? You say it's dark? All right, at 0500, buses and all the equipment you asked for will be brought in, accompanied by the traffic police. At the same time the government gives you a guarantee that you can go to the place you had designated near Vedeno. I cannot tell you exactly where, you will have to determine it yourselves. [pauses to listen]

Because at the same time all the military activity in Chechnya will be stopped. Orders to that effect have already been given to Kulikov and all the others.

This will be a foolproof guarantee. What? [listens]

We will stop, we will stop, we will stop. So, in this case everything remains as agreed. At 0500, after day breaks, specialists will arrive and they will do everything together with you. You will come out, get into transport, into buses and you will go ahead under escort. [listens]

Who do you need from the administration? You do not mind? Only representatives of the administration? Well, all right, let us do it like that, we will settle with this now. I was told; that is, I did not speak myself, but I was now told that deputies had said that they wanted to be with you. We will have no objections to that. [listens]

They want? We have no objections to volunteers. But all other hostages are staying in the hospital. [listens]

No, what is it? Wait, wait, wait, Shamil, we have talked about it, you have the statement, after all. You have the statement in front of you. [listens]

In this case, what guarantee can I give you for everything else, how can I let you go if you have taken hostages? [listens]

What do you mean they are not hostages? [listens]

Then I can agree to volunteers only. [listens]

So that is it, volunteers only. Volunteers will go. Then I have no other questions. If volunteers go, why should I interfere? They should decide for themselves. [Chernomyrdin is shown after the telephone call is over]

Well, it seems the conditions have been accepted. Deputy Rybakov says the same: the buses should be provided at 0500, they agree to board them, there are volunteers, only volunteers, nobody else can be sent there, and I will not be able to do this for here we guarantee that this is the way it will be. Volunteers are volunteers, I cannot say anything here. Of course, there will be volunteers if there are wives and children there.

That is all. Thank you. [end recording]

[Announcer Fedotova] This is all we have for this hour. Viktor Konnov, Chernomyrdin's press secretary, has said that yet another telephone conversation between Chernomyrdin and Basayev, this time with head of power ministries taking part, will take place at 0430 Moscow time [0030 GMT]. We are saying goodbye, and our next meeting will be at 0800 [0400 GMT] as usual.

Russian Commander Orders Cease-Fire

LD1806173895 Moscow ITAR-TASS in English 1725 GMT 18 Jun 95

[By Aleksandr Kharchenko]

[FBIS Transcribed Text] BUDENNOVSK, Stavropol region, June 18 (ITAR-TASS) — Russia's commander in the Chechen republic General Anatoliy Kulikov ordered his troops to halt all combat activities in Chechnya as of 20:00 Sunday, Deputy Nationalities Minister Andrey Chernenko said.

Chernenko quoted a conversation with Vice-Prime Minister Nikolay Semyonov, head of the federal administration in Chechnya, who arrived in Groznyy in the evening as a member of the Russian official delegation for talks with Chechen separatist leader Dzhokhar Dudayev's officials on a negotiated settlement of the conflict in Chechnya.

The time of the talks will have to be agreed with Usman Imayev, Dudayev's former public prosecutor and head of the Chechen delegation, Chernenko said.

Earlier, another deputy Nationalities Minister Vyacheslav Mikhaylov also told an ITAR-TASS correspondent in Groznyy that General Kulikov ordered a halt to all military operations in Chechnya.

Chernomyrdin, Basayev Agree on Release

LD1806222195 Moscow ITAR-TASS in English 2209 GMT 18 Jun 95

[By Sergey Batyrev]

[FBIS Transcribed Text] Moscow, June 19 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin and head of Chechen terrorists Shamil Basayev agreed during a telephone conversation on Monday night on the terms of freeing hundreds of hostages seized by the terrorists.

Basayev promised to release all hostages beginning from 05.00 hours Moscow time (01.00 GMT), while Chernomyrdin confirmed that the terrorists will get buses and a refrigerator truck to carry the dead bodies of the militants.

The terrorists will be escorted by traffic police who will guarantee their safety while going across the Chechen territory controlled by Russian troops.

Initially Basayev said he would take some hostages with him, but now he has agreed that they would be replaced by executive officials of the Stavropol region, State Duma members and other officials who had volunteered to act as hostages.

Chernomyrdin told Basayev that his promise to end fighting in Chechnya is being strictly observed from 20.00 hours Moscow time (16.00 GMT) Sunday.

He also told Basayev to immediately inform him about any cases of violations of the reached agreement, Tass learned from the government information department.

More on Release Agreement

LD1906000195 Moscow ITAR-TASS in English 2329 GMT 18 Jun 95

[FBIS Transcribed Text] Moscow, June 19 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin talked Chechen terrorist commander Shamil Basayev into freeing all hostages and taking volunteers as a cover-up on his way back to Vedeno in Chechnya.

Initially Basayev said he would take some hostages with him, but Chernomyrdin resolutely opposed the idea.

"How can I let you go if you take hostages", he told Basayev during a telephone conversation overnight.

"I can agree only to volunteers", the premier said to Basayev and then to his entourage: "Done, it seems he has accepted the terms".

The hostages will be left in the hospital while volunteers will include local officials and some State Duma members.

Basayev and his terrorists are to leave Budennovsk early on Monday in seven Ikarus buses. They will head for the Vedeno region in south-eastern Chechnya where Basayev comes from and where he fought his latest combat against Russian troops.

One of the buses will have no seats to accomodate wounded militants. A refrigerator-truck will be also provided to carry dead terrorists. The militants and volunteers-hostages will be escorted by traffic police.

Chernomyrdin Talks With Duma's Kurochkin

LD1906042495 Moscow Radio Rossii Network in Russian 0200 GMT 19 Jun 95

[FBIS Translated Text] At 0525 today, Russian Prime Minister Viktor Chernomyrdin had another conversation with Shamil Basayev, head of the Chechen terrorists. The prime minister reiterated the Russian Government's willingness to strictly adhere to the agreed conditions for the freeing of the hostages and insisted that Basayev take the same position. After this, there was a brief conversation between the head of the Russian Government and State Duma Deputy Viktor Kurochkin, who is inside the Budennovsk municipal hospital along with the hostages.

[Begin Chernomyrdin recording] I have just spoken to Internal Affairs Minister Viktor Yerin again. Everything is ready. The buses are ready. The technical side is covered. The escort is ready. We must now do everything set out in the government statement, which indicates everything: what the government has to do, what the relevant persons in the region have to do.

This has all to be carried out now and done well and done with honor. The chief thing is that they free the people and that when they leave they leave behind those who are in the hospital now. But at the same time, please be careful to examine the cellars in the presence of all those who are there. Examine all the premises to ensure that nothing is mined and that nothing is left behind and that there are no occurrences there, God forbid.

Have you expressed the wish to escort them all the way? Of your own free will? [Kurochkin's reply inaudible]

Yes. I have been told there are volunteers among the hostages there. I have to tell you that the statement makes everything clear. I cannot take any decision if there are hostages in the buses, because we are giving our guarantee provided that there are no hostages. We are saying that everyone must be freed. We are meeting all our conditions. We're covering the technical side. We're supplying the buses. We're guaranteeing safe passage to their destination. But if your deputies express the wish — and I repeat that it is your decision — then everything will be done as stipulated in the statement. [end recording]

Basayev Issues New Demands

LD1906030995 Moscow ITAR-TASS World Service in Russian 0242 GMT 19 Jun 95

[By ITAR-TASS correspondent Nikolay Styazhkin]

[FBIS Translated Text] Budennovsk, 19 Jun (ITAR-TASS) — Shamil Basayev, head of the Chechen terrorists, early this morning issued new demands after the expiry of the agreed deadline for the liberation of the hostages to start. First he asked for a new press conference to be held, but then issued new demands with regard to the number of people who will escort him to Chechnya to ensure the fighters' safety.

Furthermore, as the ITAR-TASS correspondent learned from a spokesman for the emergency headquarters in Budennovsk, it is still unclear whether Basayev will take hostages with him as cover or will meet Russian Prime Minister Viktor Chernomyrdin's condition and take only volunteers from among local administration officials and State Duma members.

At 0630 [0230 GMT], or an hour and a half after the agreed deadline for the liberation of the hostages expired, no one had yet left the hospital.

Lieutenant General Viktor Medveditskiy, deputy director of Stavropol Territory Internal Affairs directorate, is holding direct talks with Basayev inside the building where the hostages are being kept. Aleksandr Korobeynikov, deputy head of administration of Stavropol Territory is coordinating the progress of the talks from the headquarters.

The Russian security forces have not removed the triple cordon placed around the hospital. The headquarters spokesman said that a regrouping of the forces providing security for the operation may occur during preparations for the freeing of the hostages and the exit of the fighters.

Chernomyrdin, Basayev Hold Further Talks

LD1906070395 Moscow ITAR-TASS World Service in Russian 0650 GMT 19 Jun 95

[FBIS Translated Text] Moscow, 19 Jun (ITAR-TASS) — At 0950 today, Russian Premier Viktor Chernomyrdin continued intensive talks on the liberation of the hostages in Budennovsk when he made contact by telephone yet again with Shamil Basayev, the fighters' commander. The latter confirmed his willingness to begin the move out of Budennovsk.

The Russian premier made the following demand: Only volunteers may leave with Basayev's group. Not a single person may travel unwillingly. The chairman of the government confirmed that his main demand remains the immediate liberation of the hostages who have been held now for five days.

Heads of the special services reported to the premier following his latest conversation with Basayev. Viktor Chernomyrdin was told that the route of Basayev's group has been defined and finalized, and that the hospital is completely clear of mines. The premier should talk to the heads of the emergency headquarters in Budennovsk very soon.

Basayev Asks For Kovalev as 'Escort'

LD1906084395 Moscow ITAR-TASS in English 0821 GMT 19 Jun 95

[By Nikolay Styazhkin and Aleksandr Kharchenko]

[FBIS Transcribed Text] BUDENNOVSK, June 19 (Itar-Tass) — Basayev's terrorists who entrenched themselves at the hospital in the city of Budennovsk, southern Russia, put forth a new demand to ensure their security.

They want as their escorts a group of Russian legislators to be headed by human rights activist Sergey Kovalev as well as journalists whom, as rebels put it, they will pick up themselves among volunteers.

Pressmen should sign a paper where they will write that they fully understand to what danger they are subjected.

Besides, gunmen will also take 130 volunteers, including relatives of hostages detained at the hospital.

Kovalev Reportedly 'Unwell'

LD1906111695 Moscow Mayak Radio Network in Russian 1000 GMT 19 Jun 95

[Report by Pavel Guskov from Budennovsk]

[FBIS Translated Text] Loading is continuing here onto the eight buses that are near the hospital. The militants are first of all loading food and then other items onto the buses. It is still not known whether they have accepted the volunteers' proposal to accompany them in this trip. They have however demanded that journalists who will go with them sign a written note of consent indicating they fully understand the risks they are taking in the critical situations that may occur.

In a special news bulletin of Pyatigorsk TV and radio a report has just been broadcast citing an unnamed official as saying that the convoy of buses may be travelling in the direction of Pyatigorsk. [passage omitted]

It has just become known that — just a minute — yes, I understand — the militants have demanded that Sergey Adamovich Kovalev must go to the hospital. It is known that he had agreed in the morning to go with them on this trip but the same source — Pyatigorsk television — reports that Sergey Kovalev has told one of its correspondents that he is unwell. Such is the demand that has been made. Maybe the convoy will start moving very soon.

Kovalev, 7 Deputies Among Hostages

LD1906115095 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1130 GMT 19 Jun 95

[FBIS Translated Text] Human rights defender Sergey Kovalev told the Ekho Moskvy radio station that the Russian Federation Federal Assembly deputies who are leaving Budennovsk hospital as hostages with Shamil Basayev's fighters are Sergey Kovalev himself and also Mikhail Molostvov, Valeriy Borshchev, Aleksandr Osovtsov, Viktor Borodin, Yuliy Rybakov, and Viktor Kurochkin. Sergey Kovalev's assistant, Oleg Orlov, and 16 journalists are also part of the group.

Chernomyrdin Calls Basayev, Kovalev

LD1906161595 Moscow Russian Television Network in Russian 1000 GMT 19 Jun 95

[FBIS Translated Text] About 30 minutes ago Viktor Chernomyrdin had another conversation with Shamil Basayev. Then Sergey Kovalev came on the phone from Budennovsk. We have just received a video recording of the conversation.

[Begin recording] [Chernomyrdin, at his desk] Hello, this is Chernomyrdin.

[Basayev] OK.

[Chernomyrdin] Yes we have had quite a few chats lately.

[Basayev] (?Sure).

[Chernomyrdin] Yes.

[Basayev] [passage indistinct]

[Chernomyrdin] Why?

[Basayev] [passage indistinct]

[Chernomyrdin] But is there anyone next to you? Is there someone next to you?

[Basayev] [passage indistinct]

[Chernomyrdin] But deputies are not necessary. Who is there who makes the decisions?

[Basayev] [passage indistinct]

[Chernomyrdin] But where has Medveditskiy gone?

[Basayev] [words indistinct]

[Chernomyrdin] What questions?

[Basayev] [passage indistinct]

[Chernomyrdin] But I have just been talking literally 30 minutes and the buses are still waiting. The drivers have already been shown sitting in the buses. What other questions can there be there?

[Basayev] [passage indistinct]

[Chernomyrdin] Tell me what is not being carried out? Can you spell out what is not being carried out?

[Basayev] [passage indistinct]

[Chernomyrdin] I do not know what to answer. I say again, the fact of the matter is anyone who can and will voluntarily — they are welcome — deputies, there are volunteers, some volunteers who want to travel with you, and hostages themselves who are willing.

[Basayev] [words indistinct]

[Chernomyrdin] Only voluntarily! Not a single person can be enlisted by force!

[Basayev] Yes of course. [words indistinct]

[Chernomyrdin] I reiterate once more, the head of the Internal Affairs Administration of Stavropol Territory will take part so that together with you and them talks can be held directly, and we are immediately making the decision so that this work can start.

[Basayev] [words indistinct]

[Chernomyrdin] There will be no delay in this.

[Basayev] [words indistinct]

[Chernomyrdin] Good, good, good, good.

[Basayev] [words indistinct]

[Chernomyrdin] Let us get on with it. [Chernomyrdin puts phone down, and takes another call]

[Kovalev] Hello, Viktor Stepanovich?

[Chernomyrdin] Yes.

[Kovalev] Viktor Stepanovich, [words indistinct]

[Chernomyrdin] Yes, right away, the Head of the Internal Affairs Administration has arrived there with...Eh?

[Kovalev] Obstacles are being artificially [words indistinct] I have already spoken about [words indistinct].

[Chernomyrdin] Let us agree to the following — so as not to lose any time let me send the heads so that you can all sit down at one table and I can talk to all of you at the same time. What other questions are there? The people are there...

[Kovalev, interrupting] My apprehensions [words indistinct], the understanding that voluntary hostages are those who themselves want to take on someone else's tragedy.

[Chernomyrdin] Yes, time must not be lost. Do not waste time, do not waste time, don't. I have already [words indistinct] to talk every hour. Is that all understood?

[Kovalev] Good.

[Chernomyrdin] Remain on the spot and I will tell the rest to go to where you are and I will have a word with all of you straightaway, good. Good, good.

[Chernomyrdin replaces the receiver and says a few indistinct words to the unidentified persons standing around] [end recording]

Inspectors Investigate Attack

LD1906085595 Moscow ITAR-TASS in English 0843 GMT 19 Jun 95

[By Nikolay Styazhkin]

[FBIS Transcribed Text] Budennovsk, June 19 (ITAR-TASS) — Over 40 inspectors from the Stavropol prosecutor's office are busy investigating the causes and circumstances of the attack of the numerous group of terrorists headed by Shamnil Basayev on the southern Russian town of Budennovsk, Stavropol first deputy prosecutor Aleksey Selyukov told Tass on Monday. He did not elaborate on the lines of investigation.

The local military prosecutor's office is investigating into the reasons for the death of woman journalist Nataliya Alyakina who was shot dead by a federal soldier in Budennovsk on Sunday, Seluykov added.

Authorities' Handling of Chechnya Decried

MM1906144695 Moscow KOMSOMOLSKAYA PRAVDA in Russian 17 Jun 95 p 1

["Our Commentary" by Valentin Karkavstev: "High-Ranking Tennis Players Knock Russia Out"]

[FBIS Translated Text] It seems clear to everyone that the tragedy in Budennovsk is the prelude to changes in Russian policy. Arguments are raging as to the nature of those changes. Will the Kremlin shift toward a state of emergency? Will the resignations of the power ministers — whose resignations have been spoken about for at least a year — follow? How, now they find themselves in a completely new situation, do the authorities intend to build their future policy in the North Caucasus?

Six months ago, when the authorities launched the Chechen campaign, they were warned by sensible people that Groznyy was not the most suitable place to use as a proving ground for new kinds of armaments. But it was difficult for the Kremlin's "crack tennis squad" at that time to understand one simple thing: Everything has to be paid for. And the cost of an unwise nationalities "policy" is dreadful.

Certainly we must today find an answer at last to the main problem: Who assigned Russia the role of the Captive of the Caucasus? Who entrusted that most delicate issue — the conduct of nationalities policy — to heads of laboratories, sovkhoz directors, and guards' militia sergeants? If the State Duma and the Constitutional Court find an answer to that question, then we will perhaps find out who is responsible for the Budennovsk chaos. But I fear no answer will be found.

You don't need to be terribly clever to have predicted that Dudayev would, when driven into a corner, take the most extreme measures. Open the newspapers two or three months back and the frenzied Dudayev was warning even then: "The war will spread to Russian territory.... Russia must be destroyed as a state to prevent the predatory beast existing on earth any longer." Did any of the Kremlin's clever advisers read those lines? Did anyone think that a victory salute would follow the taking of Dudayev's final lair — Shatoy?

The day before yesterday the heroic minister of the interior said on television that the inhabitants of Budennovsk were "having a tough time of it," but that everything was going to be fine in the future. He would have done better to stay silent. That would have been more honest.

The corrupt regime which has visited this chaos upon people has signed its own indictment. But the problem is that this indictment will simply remain on paper. What can you expect of the authorities of a police state? Tomorrow they will start picking up on the streets everyone who is incautious enough to have brown hair. They will throw us down on to the dirty road, search us, and shut us behind bars "before the circumstances are clarified." We went through this in October 1993. The authorities have not devised anything else.

Yesterday, as I was going to the editorial office, two people near me on the streetcar were arguing about what to do with Chechnya. They eventually reached consensus: "They must all be deported, like under Stalin." These conversations, which you hear on every street corner today, are the result of the present regime's "sagacious" policy.

Unfortunately, other kinds of reality cannot be discounted. Two months ago a Russian regiment was in the small settlement of Goyti. A column of guerrillas with the mission of destroying the regiment was approaching from the direction of Alkhazurovo. And the inhabitants of the village, who were Chechens and who had no trust in either Dudayev nor Avturkhanov, halted Dzhokhar

Dudayev's troops. Many of them died there near the village of Goyty. But who cares about them today? When two criminal regimes are settling their differences, all of us come under the heading "unaccounted-for casualties."

Budennovsk Seen as Start of Guerrilla War

MM1906102295 Moscow KOMSOMOLSKAYA PRAVDA in Russian 17 Jun 95 p 1

[Article by Aleksandr Yevtushenko: "This Is Not Dudayev's Last Stand, But a Clear-Cut Plan"]

[FBIS Translated Text] The action of Shamil Basayev's detachment is not an isolated operation mounted by a Dudayev regime in its death throes, as the Federal Security Service has described it, but the first in a whole series of acts of terror and sabotage which form part of the plan for moving into a guerrilla war.

We spoke with Dzhokhar Dudayev about this plan back in the early spring when both Shali and Argun, let alone Vedeno and Shatoy were under the resistance's control. The Chechen president already appreciated at that time, with the mind of a general, the futility of a handful of fighters' trying to resist a huge war machine. Dudayev and the commanders of his with whom I spoke repeatedly referred to three main sectors in the future guerrilla war. Moreover, each of the three main players — Dudayev himself, chief of staff Maskhadov, and troop commander Basayev — had his own view of priorities.

Dudayev was clearly attracted by the idea of carrying the fight into enemy territory.

"Why should we place our own villages and citizens under fire? Russia made the bed, now the Russians must lie on it," the president told me.

Aslan Maskhadov, while not ruling out Dudayev's ideas in principle, insisted at the time on the doctrine of organizing guerrilla fronts and lines of defense in the foothills and mountain regions of Chechnya, relying on his units' skill in fighting in ravines and on mountainsides.

Shamil Basayev proposed concentrating combined units of Chechen troops in small groups — of around 100 men — and using these mobile units to fight on territory both inside and outside Chechnya.

To all appearances, each of the viewpoints went into the guerrilla war plan. After the federal troops took Shali and Argun the opposition moved on to Predgorye-Bamut, Orekhovo, and Serzhen- Yurt. There, in accordance with Maskhadov's idea, at least the semblance of a single defensive line was still preserved. There were even three fronts — East, South, and Southwest.

With Army units moving deep into mountain areas the opposition troops split, as Basayev planned, into groups. And they withdrew south to Shatoy and southeast to the border with Dagestan. Chief of the staff Aslan Maskhadov and his subunits chose the first sector; Shamil Basayev with the Abkhaz battalion the second. Thus the guerrilla war shifted into the Basayev stage.

It was difficult to say how long the resistance of these two groupings would last. But the Russian troops' tactics had been well-honed by this time — massive shelling, carpet bombing, and airborne assaults — all this denied the guerrillas the opportunity to consolidate and prepare positions properly. And Shamil Basayev, employing all his experience of sabotage gained in the war in Abkhazia and Chechnya, resolved to put his president's ideas into effect.

It should be added that one part of the guerrilla plan involves exacting retribution on the pilots who bombed Groznyy, Argun, Vedeno, and the mountain settlements of Chechnya. According to certain information, people have already been dispatched into Russia from Chechnya to settle accounts with the pilots.

World Reaction to Budennovsk Events Noted

LD1706102895 Moscow ITAR-TASS in English 1003 GMT 17 Jun 95

[FBIS Transcribed Text] Moscow, June 17 (ITAR-TASS) — U.S Secretary of State Warren Christopher and British Foreign Secretary Douglas Hurd denounced the terrorist act committed in Budennovsk, Stavropol territory, and expressed condolences to families of the dead.

They confirmed the need to look for a political and peaceful settlement of the conflict in Chechnya. The two ministers met in Halifax on Friday [16 June] on the sidelines of the G7 summit.

White House press secretary Michael McCurry told journalists in Washington about President Bill Clinton's attitude to the tragedy. According to McCurry, the United States clearly intimated — and the U.S. president will do the same at a meeting with President Boris Yeltsin — that it denounces terrorist acts and regrets the murder of civilians.

Speaking in a TV interview in Halifax, French Foreign Minister Herve de Charette expressed a wish on Friday evening that the G7 leaders who gathered in Halifax, should send "a signal of sympathy" to Yeltsin, Russia and the Russian people in connection with the tragedy in Budennovsk.

Earlier in the day, the French Foreign Ministry spokesman resolutely denounced actions by Chechen gunmen in Budennovsk. "Such terrorist act against civilian population cannot be justified in any way," he stressed.

The European Union [EU] advocates an unconditional release of hostages detained in Budennovsk by Chechen rebels. A statement issued by the EU in Paris on Friday evening, strongly denounces the taking of hostages and regrets the lost human lives as a result of the terrorist act.

The statement notes that the European Union repeatedly called for a political settlement of the Chechen crisis and claims that the capture of hostages "shows again that this crisis cannot be settled only by war".

The German government condemns the capture of hostages in Budennovsk by gunmen of Chechen separatist leader Dzhokhar Dudayev. Deputy spokesman of the German government Herbert Schmuelling told ITAR-TASS on Friday that Bonn is against any forms of terrorism. He stressed that hostage taking must not be a method of civil warfare anywhere.

Government Delegation Leaves for Talks in Groznyy

Envoys Interviewed Before Departing

LD1806202795 Moscow Russian Television Network in Russian 1600 GMT 18 Jun 95

[From the "Vesti" program]

[FBIS Translated Text] Today at 1620 hours Moscow time [1220 GMT], a government delegation authorized to conduct talks with the Chechen side left by air for Groznyy from an airport outside Moscow.

This package contains all our powers, Vyacheslav Mikhaylov, the head of the delegation and the deputy minister for the affairs of nationalities and regional policy, said before the flight. The delegation also includes Arkadiy Volskiy, in his role as the head of the working group on Chechnya of the conciliatory commission under the president, and Anatoliy Kulikov, the commander of the internal troops. The Chechen side will be represented by Usman Imayev, the former chief prosecutor of the republic. The aim of the visit is not only to discuss the terms for releasing the hostages:

[Begin Volskiy recording] In general you understand that it is necessary to determine once and for all the issue of Chechnya's status within the Russian Federation. We would like to hear such a statement from our partners. [end recording]

The talks have long needed to be held. The events in Budennovsk have only given the impulse for them, Volskiy said.

[Begin recording] [Unidentified correspondent] When do the talks begin? Immediately after your arrival?

[Volskiy] Immediately on arrival. Probably, we will take a helicopter to continue our journey.

[Correspondent] For our side it would be better to stay in Groznyy, but most probably the Chechens will not agree and try to move the talks to their territory.

[Volskiy] Evidently, the condition which they put forward on being allowed to leave for Chechnya will be satisfied — on being allowed to leave for Chechnya unhindered, accompanied, and with guarantees that their lives will be safe, this will evidently be satisfied.

[Correspondent] If they put pressure on you, will you maneuver and look for any compromise or is your position inflexible?

[Mikhaylov] Well, I think that the dialectics of talks requires flexibility. The most important thing is to reach such a result that people do not get killed. [end recording]

Government Delegation Arrives

LD1806163295 Moscow ITAR-TASS World Service in Russian 1617 GMT 18 Jun 95

[By ITAR-TASS special correspondents Sharip Asuyev and Oleg Velichko]

[FBIS Translated Text] Groznyy, 18 Jun (ITAR-TASS) — The government delegation formed to hold negotiations on a peaceful settlement to the conflict in Chechnya arrived in Groznyy tonight. At 1940, the members of the delegation arrived in the building of the territorial directorate of the federal bodies of power in the Chechen capital.

An ITAR-TASS correspondent has been told by Szandor Meszaros, the head of the OSCE mission in Chechnya, that Dudayev's side will be led in the talks by Usman Imayev, the former prosecutor general of the Dudayev regime. Another two people are to accompany him. Meszaros also said some technical details of the upcoming talks are to be finalized tonight. The talks look set to take place in Groznyy tomorrow.

Peace Talks Begin in Groznyy

LD1906094795 Moscow ITAR-TASS in English 0937 GMT 19 Jun 95

[By Sharip Asuyev and Oleg Velichko]

[FBIS Transcribed Text] GROZNYY, June 19 (ITAR-TASS) — Akhmed Zakayev, the former chief of the culture department at "the government" of separatist leader Dzhokhar Dudayev and now a field commander, joined Usman Imayev, Prosecutor-General of the self-proclaimed independent Chechen Republic, at the talks on a peaceful settlement in Chechnya, which started at the mission of the Organisation for Security and Cooperation in Europe in the Chechen capital Grozny this morning.

The Russian government delegation is led by First Deputy Minister for Nationalities Affairs Vyacheslav Mikhaylov. The talks are attended by head of federal administration of federal bodies in Chechnya Nikolay Semenov, Colonel-General Anatoliy Kulikov, Deputy Interior Minister, and president of the Russian Union of Industrialists and Entrepreneurs Arkadiy Volskiy who represents public at large.

Chief of the staff of Dudayev's armed forces Aslan Maskhadov and chief of the security department Sultan Geliskhanov who were expected to participate in the talks, did not turn up.

Talks End; To Be Continued

LD1906165695 Moscow Radio Rossii Network in Russian 1600 GMT 19 Jun 95

[FBIS Translated Text] Talks have been held all day in Groznyy between the Russian Government delegation and representatives of Dzhokhar Dudayev. By the end of the day it was announced that the talks would be continued on 20 June. With the details is our special correspondent in Groznyy, Ilya Kabelevich:

[Kabelevich] Szandor Meszaros, the head of the OSCE [Organization for Security and Cooperation in Europe] mission, said that during today's talks the sides managed to agree on the main block of questions. These include questions of technical requirements for a cease-fire and questions on the release of people from both sides who are being forcibly held. Clearly, throughout the day the progress of the talks depended strictly on the events in Budennovsk. As Arkadiy Volskiy reported, Usman Imayev, Dzhokhar Dudayev's representative, had a number of telephone conversations with Viktor Chernomyrdin and Shamil Basayev. Clearly, the conditions for the release of the hostages were agreed, but so far they have not been announced. General Kulikov, commander of the joint group of federal forces in the Chechen Republic, took part in the talks. At approximately 1730 he left the talks to ensure the safety of the convoy of hostages. It is expected that on 20 June taking part in the talks from the Chechen side will be Aslam Maskhadov, chief of staff of Dudayev's forces. We recall that after the first talks on 25 May it was noted from both sides that there was a shortage of military officers at the consultations. It was stated today that military questions are the main ones during this meeting. According to Usman Imayev, Dzhokhar Dudayev's representative, the current talks could mark the beginning of the end of the bloodshed in the Chechen Republic. Imayev noted that similar talks would have taken place even if the tragic events in Budennovsk had not happened.

Grachev on Pullout From Chechnya by Mid-July

LD1606163295 Moscow INTERFAX in English 1534 GMT 16 Jun 95

[FBIS Transcribed Text] MOSCOW, June 16 (Interfax) — Most federal units will pull out of Chechnya to the sites of their permanent stationing by mid-July, Russian Defense Minister Pavel Grachev told journalists in Moscow Friday.

According to Grachev, the remaining units will be stationed in three camps near the villages Shatoy, Vedeno and Nozhay-Yurt. In addition, a motorized infantry brigade will be permanently stationed in Groznyy.

Grachev assured that the army will wage no more large-scale military operations in Chechnya. "Interior troops, OMON (special police) [Special Purpose Militia Detachment] and special-purpose units will continue compact operations to accomplish the liquidation of small dispersed groups of criminal formations," he added.

FSB Accuses Chechen-Press of Spying for Dudayev

LD1706154995 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 17 Jun 95

[From the "Novosti" newscast by announcer Sergey Shatunov]

[FBIS Translated Text] The Chechen-press information agency in Moscow was engaged in intelligence-gathering activities on behalf of Dudayev. This sensational news were learned by our correspondent at the public relations center of the Federal Security Service [FSB] today.

FSB officers and the district Directorate for Fighting Organized Crime have today detained the representative of

Dudayev's government in Russia, Khamad Kurbanov. The grounds for detention was evidence that Kurbanov was engaged in activities that fall under the category outlined in the presidential decree on fighting banditism and organized crime.

Only yesterday, Khamad Kurbanov was commenting on the events in Budennovsk, trying to prove Dudayev's non-involvement in the events in Budennovsk. Today the FSB has released documents that prove the Chechen-press, headed by Kurbanov, was engaged in secret activities.

[Begin recording] [A. Mikhaylov, head of the FSB public relations center] We have received a number of documents that testify that Chechen-press is a base for the intelligence operations center of Dudayev's special services. I can say this with full responsibility, because we have in our hands the evidence that proves the activities of this agency. Moreover, we have operational material that, essentially, are instructions for carrying out intelligence agency work on the territory of Russia. [end recording]

Aleksandr Mikhaylov said the Chechen-press was especially active in gathering information about Russia's top leaders.

[Begin Mikhaylov recording] We have in our possession draft plans of terrorist actions against certain political figures and their relatives. [end recording]

The FSB believes the Chechen-press was not just engaged in intelligence-gathering. It also ...

[Begin Mikhaylov recording] ... has been coordinating supplies of weapons to Chechnya from other regions. These documents are being now studied, and it looks like they will be of great interest to the investigation team. [end recording]

Dudayev Representative Arrested in Moscow

LD1706162595 Moscow INTERFAX in English 1256 GMT 17 Jun 95

[FBIS Transcribed Text] Moscow, June 17 (INTERFAX) — Dzhokhar Dudayev's representative in Moscow Khabat Kurbanov was arrested on Friday night for 30 days in line with the presidential decree on banditry fighting.

In an interview with Interfax head of the Public Relations Center under Russia's Federal Security Service General Aleksandr Mikhailov declared that Kurbanov's actions could be qualified as espionage.

Employees of the Federal Security Bureau and of the regional department on organized crime fighting confiscated sketches of plans of assassination with respect to Russia's state officials and their relatives, instructions on waging terroristic activity and partisan war in the office of an unregistered Chechen-press agency in Moscow.

In addition, they found detailed dossiers not only on Russia's political leadership and members of the government but on leaders of political movements and parties. The dossiers attract special attention to characteristics of "the first persons" and enumerate possible approaches to them.

As Mikhailov said, many documents reveal financial machinations, actions of the Chechen fighters to get arms and ammunitions.

Representatives of the counterintelligence service believe that "in general, the Chechen-press agency was a coordinator of arms supply to the zone of hostilities and it directly received instructions from Dudayev."

Lawyer Not Allowed To Visit

LD1806173195 Moscow INTERFAX in English 1556 GMT 18 Jun 95

[FBIS Transcribed Text] Moscow, June 18 (INTERFAX) — Dzhokhar Dudayev's representative in Moscow, Khamad Kurbanov, was detained Friday night for 30 days under a presidential decree on crackdown on banditism without a prosecutor's authorization, his lawyer, Dina Gagiyeva, told Interfax Sunday. She had been officially contracted by Kurbanov's relatives.

Gagiyeva said she was not allowed to see the detained, while the charges against him "constantly changed."

According to Gagiyeva, now Kurbanov is kept in the Main Interior Custody on Petrovka, 38. However, all official from the Prosecutor's Office, Federal Security Service and Regional Department for Fight against Organized Crime (includes the 8th unit, a special task force to tackle crime of Caucasian origin) she talked to "avoided to look her in the eyes, ashamed."

Law-enforcement bodies said "instructions on terrorist and partisan warfare" had been found while searching his apartment. However, the lawyer insisted they were a photocopy of the article "Tactics of Mojahedins' Warfare in Afghanistan" openly published in Russia. She said "the vast dossiers on Russia's political leadership and government members" were simply Kurbanov's working diary.

Detained for the first time in the night of June 14, Kurbanov was released after officers of the 8th unit did not receive a warrant for his arrest.

Kurbanov was consequently charged with slander, espionage and organized crime (banditism), Gagiyeva said.

Gagiyeva launched a "resolute protest against outraging violations of the judicial code while detaining Kurbanov."

A State Duma deputy aide, Aleksandr Terentyev, detained together with Kurbanov during the first time, confirmed all her words.

Semenov Distinguishes Dudayevites, Chechen People

MM1906114895 Moscow ROSSIYSKAYA GAZETA in Russian 17 Jun 95 Weekend Edition p 3

[Report by Vladimir Yanchenkov: "Dudayev Regime's Bared Teeth. At ROSSIYSKAYA GAZETA's Request Nikolay Semenov, Leader of the Territorial Administration of Federal Executive Organs in Chechnya, Comments on Bandit Raid on Budennovsk"]

[FBIS Translated Text] "What has happened cannot be seen as a purely Chechen problem. The group of thugs cannot be equated with the Chechen people under any circumstances.

"The main thing is that the tragedy has laid bare for the world community yet again the real and terrible face of the antipeople regime which Dudayev and his underlings attempted to establish in Chechnya and the Caucasus region as a whole.

"It cannot fail to influence the position of those international organizations which, playing on people's democratic sentiments, stubbornly refuse to recognize the criminal essence of the Dudayev regime.

"The people left with Dudayev today are the most hard-line men who have nothing left to lose any more — the burden of the crimes they have committed is too great. And they do not only include Chechens. The six bandits killed in Budennovsk include a Ukrainian, a Russian, an Azerbaijani, and Chechens.... These bandits hold nothing sacred. That is the view of the leaders of the Chechen Republic, and religious and other leaders . Having gathered in Budennovsk, they adopted a statement making an objective assessment of the incident."

Chechens Shifting Efforts to 'New Tactics'

LD1606165495 Moscow INTERFAX in English 1318 GMT 16 Jun 95

[FBIS Transcribed Text] MOSCOW, June 16 (Interfax) — Representative of Dudayev's administration Zelimkhan Dachayev reported that the Chechen formations are changing over "to new tactics of combat operations." In a telephone interview with Interfax he reported that "this will be a principle of the Afghan war — light mobile groups will attack Russian posts from the rear without frontal clashes with the forces."

Dachayev, who called himself a representative of Chechnya's government and who earlier fulfilled functions of an aide of the republic's vice president, reassured that "the issue on the supply of the Chechen formations with food and ammunition till the next winter has been solved."

He insisted that the fighters have modern kinds of arms, in particular, the Stinger ground-to-air rockets and their Russian analogues.

Dachayev categorically disagrees with the opinion of several Russian politicians and members of the media that Dudayev is no longer in control of the actions of the Chechen fighters. "As before, Dudayev exercises strategic command over the Chechen forces," he underlined.

As Dachayev said, "as before, Selimkhan Yandarbiyev, vice president in Dudayev's administration, is fulfilling his duties."

Dachayev assessed the events in Budyonnovsk "as a widescale provocation" and placed the blame for this action "on several Russian politicians."

Chechen Rebels Attack Border Post in Ingushetia

LD1906080895 Moscow Radio Rossii Network in Russian 0700 GMT 19 Jun 95

[FBIS Translated Text] A clash took place overnight between a subunit of the 137th special Vladikavkaz border detachment and a group of armed militants near the village of Verkhniy Alkun in Ingushetia. RIA was told at the detachment's headquarters that the border post was subjected to fire from automatic weapons and grenade launchers. The attackers were dispersed by return fire. There were no casualties among the border troops.

A representative of the Federal Security Service said this was an outright attempt by Dudayev's militants to break through from Chechnya to the Russian-Georgian border.

Volgograd Oblast Social-Economic Statistics

954F2450A Volgograd VOLGOGRADSKAYA PRAVDA in Russian 28 Apr 95 p 2

[Report by the Volgograd Oblast Committee for State Statistics: "The Socioeconomic State of Volgograd Oblast in First Quarter 1995"]

[FBIS Translated Text] In January-March of this year, the trend toward lower production volumes in the oblast economy was maintained and no success was achieved in surmounting the nonpayments crisis. Although the rate of inflation dropped in March and the first half of April of this year, consumer prices and the cost of goods and services increased 50 percent on the whole over the first quarter. This had a negative effect on the standard of living of a significant portion of the oblast population. According to data from the oblast Committee on Labor and Population Employment, the subsistence minimum in the oblast in March amounted to 200,000 rubles [R] (in the city of Volgograd it was R210,000). The income of over half the oblast population was below the subsistence minimum.

The Oblast Budget. Financial Condition of Enterprises. State of Settlement Transactions

The National Income. The volume of national income, characterizing newly established value in the material production sphere and earmarked for popular consumption and the expansion of production, amounted to R2.4 trillion for the first quarter of this year based on estimated calculations. The physical volume of this national income decreased 27 percent from the level for the same period of 1993.

Revenues of the consolidated budget of the oblast, like outlays, exceeded R400 billion over first quarter. Tax on the profits of enterprises and organizations comprised one-fourth of all receipts, income tax from physical persons—one-fifth. Budget funds were spent mainly on state support for sectors of the economy and on development and maintenance in the social sphere (40 percent each).

In first quarter 1995, enterprises operating under economic accountability (except for small, joint, and agricultural enterprises, budget-financed organizations, and banks) received (according to estimate) over R500 billion in profits, three times the level for the same period of last year. Due to the galloping rate of price increases, however, an actual profit reduction is taking place. We continue to see a significant percentage of unprofitable enterprises—almost 30 percent of the total.

The nonpayments problem remains a pressing issue. Total indebtedness of enterprises in industry, construction, agriculture, and transportation (including credit and loan indebtedness) reached R4 trillion at the beginning of March. Almost half of this is delinquent indebtedness.

Every other enterprise of industry, construction, agriculture, and transportation has failed to pay wages to its employees on time. Delinquent indebtedness with respect to wages as of the start of April of this year amounted to almost R100 billion. One-third of this debt was outstanding for over two months.

Rate and Price Indices

Over the first three months of this year, the cost of goods and services for the populace increased by a factor of 1.5 on the average.

Prices for food products over this period increased by a factor of 1.6, including meat products—by a factor of 2, milk and dairy products—by a factor of 1.7, vegetables and fish products—by a factor of 1.6. Prices for bread and bakery products, flour, butter and fats, and potatoes increased by a factor of 1.4-1.5.

Nonfood products increased in price by one-third as compared with December levels.

As was the case last year, fees and rates for paid services to the populace rose faster than the prices of commodities, increasing 1.9-fold for the first quarter. Galloping rates of rate increase continue to be seen with respect to housing and municipal services—2.1-fold, and passenger transportation—2.7-fold.

The cost of industrial production in the oblast rose by a factor of 1.6, on the average, over the first three months of 1995.

Standard of Living and Income of the Population

The face value of monetary income of the oblast populace amounted to R1.9 trillion over the first quarter of this year.

The galloping rate of price increases is leading to a deterioration in standard of living of the populace. Real disposable monetary income of the populace in March of this year was 6 percent less than in February, and 17 percent less than in March of last year.

Wages per worker during the first quarter of this year amounted to almost R278,000, a 2.4-fold increase over first quarter of last year, while prices increased 2.8-fold over this period.

The lowest wages in March of this year were being earned by employees in light industry—half the wage amount received by industry workers in general. Wages exceed the oblast level by a factor of three in the fuel industry, by a factor of two in electric power supply.

The Consumer Products Market

In first quarter of 1995, the total sales volume of commodities sold through all channels totalled R1.1 trillion, a 2.5-fold increase in actual prices over the level for first quarter of last year. Commodity supply continued to increase this year. However, the growth of prices significantly reduced the purchasing power of buyers. As a result, the actual bulk of commodity turnover through all sales channels decreased 7 percent.

Food products played the predominant role in commodity turnover (54 percent), as was the case last year. Faced with high food prices, however, the populace continued to focus on the more inexpensive food varieties. In this regard, significant increases were observed in purchasing levels this year over first quarter 1994 levels: of flour—by a factor of 1.5, vegetables—2.2, macaroni products—2.4, cereals and legumes—4. Sale of eggs increased 6 percent, tea—28 percent.

At the same time, the sale of fruit decreased by 8 percent; of confectionery items, sugar, margarine products, vegetable oil, herring, meat, and sausage products—by 21-32 percent. Sales of butter and fish this year dropped to half of last year's levels.

Exports

Export commodities valued at $98 million (R455 billion) were shipped during first quarter 1995 by enterprises, organizations, and private firms of the oblast to countries of the near and far abroad. This includes all types of deliveries (direct contracts and transactions through intermediaries).

Exports continue to be raw material-oriented.

The oblast established business contacts with 52 countries of the world (41 countries of the far abroad and 11 of the near abroad).

The Social Sphere

Demographic processes. The oblast population was estimated to be 2,698,000 as of 1 April 1995, encompassing an increase of 3,900 people over the first three months of this year.

As has been the case over the past three years, the growth in population took place under conditions of natural population loss, where number of deaths exceeded number of births. Natural population loss over the first three months of this year amounted to 3,800 people—400 fewer than during the first quarter of last year. The decrease in natural losses was due to the lowered mortality rate of the populace. At the same time, the birth rate decreased somewhat. Migration remained the only growth factor with respect to population size. Some 7,700 more people arrived in the oblast in first quarter of this year than departed. This explains the overall growth in oblast population.

The life span of the populace continues to decrease. According to 1993 data, an individual's expected life span was 67.7 years (69.7 years in 1992). The difference between life span of men and women has continued to increase. For women it was 73.6, for men— 62.0 years (in 1992 these figures were 75.2 and 64.1 years, respectively).

The labor market. As of the beginning of April this year, 1.2 million people were employed in the oblast economy. In addition, about 35,000 people were employed at proprietary (peasant) farms, and over 60,000 were engaged in individual labor activity. In March of this year, about 86,000 workers were forced to work less than a full work week or take administrative leave. Of 40,000 people on administrative leave, about 30 percent received no monetary compensation over the leave period.

The number of persons unemployed as of 1 April of this year totalled 14,000, according to data of the oblast Committee on Labor and Population Employment.

Crime. Some 8,400 crimes were registered by oblast internal affairs organs over the first three months of this year. This is 93 percent of last year's level. The crime-solving rate was 63 percent (57 percent in January-March 1994).

Privatization

According to data of the Committee for Management of State Property, 2,200 applications of enterprises and organizations for privatization were processed. Trade enterprises, public kitchens, and consumer services facilities constitute 60 percent of the enterprises privatized. More than half of these enterprises were purchased by labor collectives, 15 percent—by physical persons.

Over R15 billion was obtained during first quarter of this year from the privatization of facilities. Almost 40 percent of the proceeds received was deposited in rayon and city budgets. One- fourth of the funds received went to enterprises for the purpose of providing postprivatization support.

Reassessment of fixed capital. As a result of the reassessment of fixed capital of enterprises and organizations of all sectors, the full book value of fixed capital as of 1 January 1995 increased fourfold, amounting to about R85 trillion.

Depreciation of all capital stock amounted to almost 40 percent.

The value of housing assets following the reassessment increased by a factor of 155, on the average, totalling about R13 trillion. Almost one-fourth of housing assets are deteriorated.

Industry

Production output (goods, services) amounting to almost R3 trillion in current prices was produced during first quarter of this year by oblast industry, including the production volumes of small and joint enterprises, as well as subsidiary divisions. Volume of industrial production calculated in comparable prices decreased 4 percent from the level for the same period of last year.

Over the course of the past three months of this year, about 40 percent of industrial enterprises were forced to shut down production and operate under a reduced work schedule.

Agriculture

The continuing imbalance of prices in the agrarian sector of the economy, combined with nonpayments on the part of processing enterprises and the absence of the advance partial payments to agricultural producers for seasonal expenses which were contemplated by reform, is leading to financial instability in agricultural enterprises.

Spring field work has begun sooner than usual.

In the livestock sector, we continue to see a reduction in production output and numbers of livestock, mainly due to agricultural enterprises.

Estimated numbers of the main livestock varieties in the oblast were lower at the beginning of April than was the case a year ago. There were 1.1 million head of cattle—including 400,000 cows, 600,000 pigs, and 1.7 million sheep and goats.

The share of production volume attributable to agricultural enterprises is decreasing, although they are presently producing well more than half of the meat and milk, and about 70 percent of the eggs.

The rate of increase of purchase prices of processing enterprises for livestock output had slowed down by April.

Capital Construction

Enterprises and organizations of various forms of ownership (taking into account small enterprises and mixed enterprises with foreign participation) assimilated R306 billion in investments from all sources of financing in the first quarter. This is 24 percent less in comparable prices than was the case in January-March of last year.

Construction and installation projects were accomplished in the amount of R228 billion, or 82 percent of the 1994 level in comparable prices.

Capital stock valued at R52 billion was placed in operation. One-third of this is attributable to nonproductive facilities.

Some R205 billion in capital investments was used for production construction in the oblast. This represents a one-fourth decrease, in comparable prices, from the level seen during the first quarter of last year.

Some R25 billion in capital investments from all sources of financing was used for development of the agroindustrial complex of the oblast. This is 28 percent less, in comparable prices, than during first quarter of last year. Investments for this purpose constituted just 8 percent of the total volume.

Over this period the oblast populace obtained more than 600 new apartments, containing 59,000 square meters of usable space. This is 3 percent greater than in January-March of last year.

Private builders placed 220 residential buildings in operation over this period—23,000 square meters of living space. This is 16 percent greater than in first quarter 1994.

Transportation and Communications

Volume of freight shipments by transportation enterprises decreased 26 percent from the level observed for the same period last year, including a 40 percent decrease in motor vehicle transportation, 16 percent decrease in air transportation, and 5 percent decrease in rail transport.

Significant quantities of production output are not being shipped out due to the insolvency of enterprises. As of 1 March 1995, 100,000 tonnes of freight designated for rail shipment were standing at rail loading platforms of enterprises and in railway stations.

Motor vehicle transportation enterprises shipped 3.3 million tonnes of freight. In this regard, 52 percent of the shipment volume was transported by private enterprises, 42 percent—by mixed enterprises, and just 6 percent—by state and municipal enterprises.

Passenger transportation using all varieties of public transportation facilities decreased by 9 percent from the level observed during the first three months of 1994, and passenger turnover dropped 22 percent. This was due chiefly to the reduced mobility of the populace resulting from increased passenger rates.

Communications enterprises provided communications services in the amount of R49.2 billion in first quarter 1995, including services to the populace of R14.5 billion. In actual existing prices this is 2.7 and 3.6 times greater, respectively, than was the case for the same period last year. Rates for communications services in March of this year were 2.8 times greater than in March 1994.

Novosibirsk City Assembly Session Reported

954F2541A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 13 Jun 95 p 3

[Unattributed report: "Twelfth Session of Deputies of the Novosibirsk City Assembly: Live According to the Charter and Means"]

[FBIS Translated Text] Novosibirsk City Assembly deputies were present at their 12th session in full strength. V.A. Tolokonskiy informed those assembled about implementation of the deputies' decision regarding the organization of the children's summer holiday and also the results of the oblast council's work.

After hearing the information of V.V. Bichev, chief of the Financial and Tax Policy Administration of the Mayor's Office, regarding the budget process in the city, the deputies unanimously decided to set up a working group for the development of a position on the budget process in Novosibirsk. Members of the group are V.V. Bichev; N.A. Terekhov, deputy mayor; G.V. Nalimov, chief specialist of the Legal Department of the Mayor's Office; and V.F. Gerasimenko, A.I. Zvyagin, V.G. Krivoshchekov, and B.A. Konovalov, city assembly deputies. A draft developed by the working group will be submitted for review to the session of the City Assembly at the beginning of September.

V.V. Bichev also informed the deputies about changing the limits on financing the departments, administrations, committees, and branches of the Mayor's Office and the administrations of the rayons for the second quarter of 1995. Thus, in connection with the need to put the new surgery and intensive care building of the 1st City Clinical Hospital into quick operation, part of the resources were switched to it. The limit on financing for the preparation of the departmental housing fund for the 1995-1996 winter season was increased at the expense of the "Unforeseen Expenditures" item of the city budget. For mutual offsets 361.8 million rubles were allocated to the Novosibirsk city telephone network—a sum that the communicators will not receive from privileged subscribers. Moreover, the financing limit has been increased for the transportation committee—this is in accordance with the federal law of 20 April 1995 on increasing the minimum wage size and on the basis of the rate agreement between the mayor's office, the transportation committee, and the trade union transportation workers.

The deputies unanimously agreed to the changes to the financial limits submitted by the Mayor's Office. But the next question on the agenda did not evoke such unanimity. Diametrically opposed opinions followed the speech of A.N. Raspopin, chairman of the City Committee for Protection of Consumer Rights, who talked about the activity of the structures subordinate to him. Some of the deputies, it turned out, were satisfied with the work of the committee, but others gave it a sharply negative evaluation. A majority of those who were critical noted: We have a long way yet to go to an ideal order in city trade—both in municipal and private enterprises. In acquiring one or another commodity (especially of imported origin), city residents frequently do not have reliable information on its quality or guarantees of its safety. Also requiring immediate resolution is the question of the creation of a mechanism of confiscation, utilization, and processing of products that are dangerous to the life, health, and property of citizens. Investors who are victims of the unscrupulous advertising of banks, investment funds, and financial and insurance companies are not protected by any law. Therefore it is necessary, jointly with the Novosibirsk Oblast administration and the oblast soviet of deputies, to establish a special organ that could at least in some way help cheated investors.

The Permanent Deputy Commission on Human Rights, Fight Against Crime, and Compliance with the Law submitted constructive proposals. First, the necessity to obligate all store administrations to post information displays in trade halls listing the telephone numbers of rayon departments for the protection of consumer rights, with extracts from the appropriate law. Second, the proposal on banning advertising on the purchase and sale of corks and labels of a standard certified wine and vodka product. This, in the opinion of the deputies, will reduce the gross output of ersatz alcohol.

We recall that at their previous meeting the deputies issued a decision on ending the activity of the working group that was preparing a draft statute on Novosibirsk. However, V.A. Tolokonskiy, head of local self-government, considered such a decision premature: Legal specialists are part of the group, and their further participation in the work on the draft and amendments is necessary. The deputies instructed the Permanent Commission on Questions of Self-Government to examine the draft statute with amendments and to submit it for review by the city assembly before 30 June 1995. Also brought onto the staff of the working group for preparation of a draft statute were Deputies D.V. Yeliseyev and A.P. Zhuravkov, and V.P. Sysoyev, manager of the Mayor's Office, and L.N. Dyadchenko, his deputy.

St. Petersburg Bank Administrator Interviewed

954F2537A St. Petersburg NEVSKOYE VREMYA in Russian 10 Jun 95 p 1

[Interview with Viktor Khalanskiy, chief of the Central Bank Main Administration for St. Petersburg, by

Valentina Shestakova; place and date not given: "If the Central Bank Relocates...."]

[FBIS Translated Text] [Shestakova] The International Banking Congress [MBK] is over. The anxiety as to whether it would take place is behind us. And there were such concerns, if we recall the organizational committee's first meeting last winter. Your impressions of MBK-95?

[Khalanskiy] It was organized well. This is also the opinion of many participants, especially the representatives of leading Russian and foreign banks. The next congress will take place in June of next year and will be devoted to issues in developing the stock and securities market in Russia and CIS countries. Banks are already rushing in applications.

[Shestakova] It was pleasing to see foreign bankers note that unlike previous congresses, where heated debates took place on the subject of disagreements between the CB [Central Bank] and commercial banks, this current congress concentrated on professional topics. Is this so?

[Khalanskiy] The chairmen of the previous two congresses were representatives of the mayoralty. This year, the organizational committee was headed by the acting chairman of the CB. Members of the CB's governing board, who made a special trip here, worked actively. This is an indicator that the congress has become a permanent body.

[Shestakova] Which of the recommendations adopted by MBK-95 do you see as the most important?

[Khalanskiy] We will have to deal with a set of issues. In the end, the creation of the coordinating council on banking personnel training, introduction of certification, and strengthening the roles of central banks of the countries participating in the congress should ensure higher-quality banking at lower costs. This is important for the entire banking community in Russia, which is growing fast. Let us compare. By the end of 1990 there were six specialized, three commercial, and one cooperative bank in St. Petersburg, with a staff of less than 3,000. These banks maintained only 25,000 client accounts. To obtain clearing and cashing services, a registered firm had to wait for three to five months on the waiting list. Today St. Petersburg has 52 commercial banks and 58 branches of out-of-town banks, with a staff of 19,000. The banks' office space increased threefold over the past three to four years and now comprises 240,000 square meters. With the current level of computerization and service, we have a 20-25 percent reserve in our banking system. Trust operations are developing, as is the securities market. Such a dramatic quantitative growth in the banking sector made the question of personnel training extremely topical. The top management of one-fifth of new banks, especially branches of out-of-town banks, is underqualified, which holds back their development. Hence the topicality of our congress.

[Shestakova] There were rumors at the congress that in the event of Tatyana Paramonova's resignation, you are the most likely candidate for the post of CB chairman.

[Khalanskiy] I did not hear any such talk. I am a St. Petersburg native. This issue may be considered if the Central Bank moves to St. Petersburg in perhaps five years. Then I am ready to work on its staff as a consultant—by then, I will be retired.

[Shestakova] How do you feel now that you are an Honored Citizen of Russia?

[Khalanskiy] I am glad that my humble labor was given such high praise. I know the methodology used by the Russian Hall of Fame to select candidates for this title. I had the overwhelming vote of St. Petersburg and Moscow bankers. This tells me that the collective of the CB administration for St. Petersburg is doing its job right.

Economic Issues

Panskov on Ruble Stabilization, Dollar Rate

MM1906081195 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 16 Jun 95 p 9

[Report by I. Maksimov: "Reckoning in Terms of Fall Dollar Rate" — from the "Departmental Supplement"]

[FBIS Translated Text] Finance Minister Vladimir Panskov met with representatives of business circles at the latest conference of the all-Russia association "Russian Business Roundtable."

Vladimir Panskov assessed the government's most recent actions as a step in the right direction, though the time to make final conclusions will come two to three months from now. The finance minister explained the increase in the ruble exchange rate by a shortage of ruble funds and the dollar's fall on international currency markets. In Panskov's opinion, the ruble's stabilization will continue until August, and we should expect an increase in the dollar exchange rate by the fall. We should not, however, expect any "black Tuesdays" in the future, he emphasized.

The next session of the association's national coordinating council will take place 17 June. Vladimir Shumeyko, Russian Federation Federation Council chairman, has been invited to participate in it.

Import of Dollar/Ruble Fluctuations Viewed

MM1906101295 Moscow IZVESTIYA in Russian 16 Jun 95 p 4

[Article by Otto Latsis: "'Red Wednesday' May Prove No Better Than 'Black Tuesday.' Two Trillion Rubles Hit Russian Market in a Single Day"]

[FBIS Translated Text] The dollar rate of exchange on the Moscow Interbank Currency Exchange fell by 70 points on Wednesday 14 June.

I remember in October, after the ruble dropped almost 1,000 points on "Black Tuesday," the dollar in turn fell by the same amount over the next two days. Now in six weeks (the dollar rate of exchange began to drop 29 April) the dollar rate has fallen by approximately 300 points. Mindful of the persistent fairly high inflation one can predict with confidence that sooner or later the dollar will have its own way and will rise again. However, plenty of questions arise if you study the situation more carefully.

In order to boost the ruble rate of exchange straight after "Black Tuesday," the Central Bank of Russia [CBR] sold around $300 million from its then extremely meager currency reserves at the next auctions. The ruble rate of exchange rose 14 June despite the fact that the CBR on that day BOUGHT $500 million. Had it not done so, the fall in the dollar rate of exchange might have been 10 times as great. After all, a staggering picture emerged when trading opened: There were applications to sell $600 million and to buy $50 million.

What were indeed tectonic tremors arose on the money markets like in October. In very general terms it can be said that we are confronted with one of the consequences of the policy of financial stabilization. We can delight in the end of the "dollarization" of the economy and the restoration of the national currency's influence. Lastly, it is also a good thing that the CBR has already accumulated, according to current estimates, around $10 billion in currency reserves — they will come in handy if the pendulum suddenly swings the other way. But we should not think that our entire monetary and financial mechanism is not fit for such dramatic tremors — be it a slowdown or an acceleration.

The first danger is that no one knows for sure what is happening, i.e., what caused such dramatic fluctuations in supply and demand for currency and what lies in store tomorrow, in a week, or in a month's time. The banks, enterprises, and the population cannot plan their actions in the future — that is the worst situation for honest business and the most favorable for speculators. It is impossible to assess the actions taken by the money market's main agent — the CBR: Was it right to buy $400 million on Wednesday? All this remains primarily unknown because it is impossible to understand whether what is happening is the result of coincidence or some deliberate policy.

We cannot resign ourselves to this situation because the swings of the money pendulum have given the banks, primarily the CBR, the kind of resources with which they can seriously influence not only rates of exchange but also the whole economic situation. This is possibly the reason for the most important thing that happened on the money market on Wednesday. While the CBR bought $400 million, it is clear that in its turn it handed back to the currency vendors almost 2 trillion rubles [R]. In a day! And a day earlier the CBR bought $150 million and spent R700 billion. In all, since February the CBR has bought more currency than it has sold.

Let us clarify matters. There are fundamental national objectives and there are successes on the part of departments — albeit very important ones — which are of limited utility. One of the fundamental universal objectives is to overcome inflation. Without that you cannot resolve the social problems of a population weary of price hikes. Without that, normal savings, accumulation, the restoration of investment activity, and a move away from economic slump to boom are impossible. That is why we are making sacrifices that sometimes seem excessive even when set against that objective particularly if you remember the financial straits in which education, science, and culture find themselves. But society did not agree to make these sacrifices in order to increase the CBR's currency reserves.

However, it looks as though all our efforts were precisely for that end. There is a rigid link between trillions of rubles added to the overall money supply today and the rate of inflation in three to six months time. If R2 trillion can land on the market in a single day despite all the government's and the parliament's budget and credit estimates, there is something wrong with the state mechanism. Today an ordinary worker can put into circulation in one day by decision of the CBR the kind of rubles that the government or the parliament would not dare "during a hard debate" to allocate a major industry for a year.

The public does not know the procedure whereby decisions are adopted by the CBR: After all, decisions have to be made promptly, during auctions. Does Tatyana Paramonova (who has, incidentally, not been confirmed as the bank's leader) take personal decisions or is that the prerogative of lower-ranking officials? After all, the scale of the decisions and their effect on the situation in the country is no match for those that the government or the parliament spends a long time producing.

It is not only up-to-the-minute decisions that need to be pondered. The relatively steady rise in the ruble rate of exchange has also given rise to talk in the press and economic circles of pegging the ruble-dollar rate of exchange. At the same time reference is made to the currency reserves accumulated by the CBR. But neither an opportunistic rise in the ruble rate of exchange for unfathomable reasons (Has the government not fueled demand for rubles more than anyone by selling state short-term bonds?) nor currency reserves on their own have any bearing on the question of pegging the rate of exchange. Only one thing has any bearing on the matter, namely the rate of inflation. Right now it is far above the limits which enable a competent economist to talk about pegging the rate of exchange. In order to successfully peg the rate of exchange, we do not need the current 6-8 percent monthly inflation rate but the 1-2 percent of the dim and distant future.

I am talking about processes that are too serious to be left out of control — not only democratic control but also purely routine, daily operational control. Rules recognized by all parties have to be formulated whereby the CBR's currency strategy can be coordinated with the actions of the president and the government without violating its independence. It is also necessary to legislatively prescribe the minimum amount of information that the CBR is obliged to supply to commercial banks, enterprises, and the population. It is quite possible that, once it has received that information, the public will draw the most flattering conclusions for the CBR regarding its current actions. But lack of information on matters of such importance for all society is inadmissible.

List of Strategic Enterprises Due by 1 Jul

MK1706091095 Moscow SEGODNYA in Russian 17 Jun 95 p 1

[Report by Aleksandr Bekker under the "Discussions" rubric: "The Government To Finalize the List of Strategic Enterprises by 1 July. The Federal Commission Has Debated Far Into the Night"]

[FBIS Translated Text] The last meeting of the Russian Federation Government's Federal Commission on Ensuring Federal Budget Receipts From Privatization Revenues will be held 19 June. It was created following presidential Edict No. 478 of 11 May 1995 "On Measures to Ensure Guaranteed Budget Receipts From Privatization Revenues." The Commission was given the task to prepare, within a month, a list of enterprises having strategic importance for national security, for which reason an early (before three years) sale of their state-owned shareholdings will be banned. For enterprises not included in this "black list," in this regard there will be no restrictions on the sale of shares secured as state property.

On 15 June, the meeting of the Federal Commission, headed by Sergey Belyayev, its first deputy chairman, lasted over six hours and ended almost at midnight. Alfred Kokh, first deputy chairman of the State Property Committee (SPC), was standing on the podium for nearly four hours trying to persuade leaders of ministries and agencies to reduce the number of strategic enterprises to some reasonable limits. The initial list submitted by ministries included about 2,000 enterprises. The agencies were insistent, and the SPC accepted their position which forbade an early sale of shareholdings of such "enticing" enterprises as "Rostelekom," and oil companies "LUKoil," "YUKOS," "Sidanko," and "Gazprom." At the same time, leaders of agencies have given their consent to the sale of state-owned shares of oil companies, which are just being organized. Kokh has managed to persuade Transport Minister Vitaliy Yefimov that the same should be done with respect to some large ports.

No accord could be reached on some enterprises affiliated with the State Committees on the Defense Industry and on the Chemical and Petrochemical Industry. In the opinion of experts, the Federal Commission will hardly be able to resolve the differences and come to an accord by 19 June. Most probably, after yesterday's discussion, the controversial list — together with the list of national security enterprises — will be put on the agenda of the governmental meeting scheduled tentatively for 29 June. It is probably there that "the last and ultimate battle" will be fought.

The sentiments of participants and the course of the government meetings are likely to be influenced by the fact that, since the beginning of this year, the state treasury has received 600 billion rubles as revenues from selling privatized enterprises, whereas the figure for this item in the federal budget for the current year — which is the law for the government — is 9.13 trillion rubles. Anyway, it is obvious that by 1 July the government will issue a decree with the final list of strategic enterprises to remain, for the time being, as federal property. This does not mean, however, that state shareholdings will remain dead stock: Without violating the law, the government will be able to put these shares in trust, in pledge, or to issue options on them.

Paramonova Strategy for Central Bank Viewed

MM1606113995 Moscow IZVESTIYA (Financial IZVESTIYA section) in Russian 15 Jun 95 p ii

[Article by Irina Yasina of the PRAYM agency: "Sacred Central Bank Post Still Vacant"]

[FBIS Translated Text] In the next few days the State Duma will be examining the question of the Central Bank chairmanship. A vote could end the protracted hiatus whereby the job of chairman has been vacant for seven months.

Despite her current status, Tatyana Paramonova has behaved from the very outset like someone who respects the former leadership but has her own ideas and her own working style.

Bankers recall how in January-February the banks left their clients virtually without any ruble operations in the expectation of a surge in the rate. One-day ruble loans could not be had for less than 350 percent. The foreign-exchange "bears" attacked the exchange-rate pendulum in the hope of shifting it. By altering the procedures governing exchange trading and the correlation of reserve rates, Paramonova defused the speculation and blocked the wave by not allowing it to get going.

"We have the opportunity to prevent another 'Black Tuesday,'" Tatyana Paramonova believes.

On behalf of the Central Bank she signed the first credit agreement with the IMF, demonstrating that inflation's dependence on money-supply growth is recognized not only by the followers of Friedman and Hayek. What is important in controlling money-supply growth is not so much academic knowledge as a practical grasp and knowledge of the subtleties of banking routine.

Incidentally, a veil of secrecy has hitherto been drawn over simple monetary aggregates, to the dissatisfaction of practical workers and theoreticians alike. But Paramonova believes that most citizens should know what the real M2 aggregate's dynamics are. The main thing is to be confident that these dynamics are under tight control.

The implementation of the agreement with the IMF showed that Tatyana Vladimirovna does not fully espouse the former Central Bank leadership's policy of unconditionally supporting Russian producers, believing that it is the government's job to take care of them, while the bank's concern is stable money.

The country's Central Bank, which is responsible for a stable ruble, is also responsible for the commercial banks. Paramonova's desire to shape a stable banking system is understandable. That it is easier to talk to 20 bankers around one table than to 2,000 spread throughout cities and countryside is understandable. That only tough competition will make banks pay attention to their customers is also understandable. But it is obvious, too, that the Russian banks have now matured and that they have the wherewithal to oppose the Central Bank. An example is the Central Bank decision to increase capital adequacy requirements, to all intents and purposes levying an additional hidden tax on the banks. In response the Central Bank has come up against a major campaign to discredit this idea, which has made Paramonova enter into talks and review certain positions.

But not all, however. The question remains open, although a group has been set up and has started work with the aim of reaching a compromise. Tatyana Vladimirovna, however, has hinted that she is not planning to give in.

But today's decision lies with the deputies. A real politician thinks not so much about whether employees are ideally suited to the job as of whether there is a replacement for them. Hitherto nobody has put forward a person capable and willing to run the Central Bank in the present situation (with the exception of Boris Fedorov, who has staked a claim to it). New candidates mean new programs, which have to be assessed. Tatyana Paramonova's program is simple but ambitious. In her opinion, the banking system should make a qualitative leap forward in the very near future. The Central Bank should learn to control liquidity rapidly, transferring major sums from Vladivostok to Moscow within an hour — which will also be anti-inflationary. This will make it possible to change the Central Bank's territorial structure. The apparatus of territorial administrations could undertake more meaningful functions, and the number of administrations could be reduced.

Paramonova advocates strengthening the Central Bank's supervisory functions. In her view, the stage of creating a competitive environment for Russian banks whereby demands on new players were eased is over. She believes that banks striving to break into the Western market should themselves have an interest in ensuring that the demands made of them domestically approximate as closely as possible to the demands that will be made of them abroad. Incidentally, Paramonova is happy with the direction taken by the development of the banking system — the formation of universal banks with many branches. There is only one option for those who cannot withstand competition — mergers. By the fall, she believes, this process should have become widespread.

Having organized a dialogue with a government whose main aim — combating inflation — Paramonova shares, she nonetheless has her own views in a number of areas. In particular, she is opposed to the privatization of the Bank for Labor Savings and Credit to the Population [Sberbank] and the Foreign Trade Bank of Russia [Vneshtorgbank]. In her opinion, the haste shown on these issues is inappropriate. The Sberbank holds deposits from the population worth 20 trillion rubles. The Vneshtorgbank remains the government's main agent in foreign economic activity. Changing their status, in Tatyana Paramonova's opinion, could lead to a weakening of confidence in their stability, which depends to a considerable extent on the Central Bank's participation.

Central Bank Issues Statement on 1994 Performance

MK1606123095 Moscow SEGODNYA in Russian 16 Jun 95 p 2

[AFI report in the "Finances" column: "The Central Bank Has Sent the State Duma a Report on Its Performance in 1994"]

[FBIS Translated Text] In accordance with the law On the Central Bank of the Russian Federation, the Russian Federation Central Bank has sent the State Duma a report on its activity in 1994, approved by the bank's board of directors 15 May. The report includes the bank's annual balance as of 1 January 1995, a profit and loss account, the distribution of profits, and lines of using the bank's reserves and funds. According to the Central Bank, the actual dynamics of a number of economic indicators did not coincide with the forecast projections, although on the whole the economic policy of the Russian Government and the bank created a basis for financial stabilization. Thus, the consistent reduction of growth in the money supply led to a slowing down of the growth in prices. In 1994 consumer prices grew by 3.2 times as against 9.4 times in 1993, which is below forecasts (3.9 times). The average inflation rate was 10.2 percent (forecast: 12 percent). The bank's profits in 1994 constituted 11,521,164 million rubles [R], R2,868,353 million of which was remitted to federal budget revenues, including R1,580,000 million to cover the 1994 budget deficit and R875,000 million to cover the 1995 budget deficit. The reserve fund was R5,852,811, and the economic stimulation fund was R2,800,000. As of 1 January 1995 the official gold and currency reserves were $6.5 billion. Russia entered 1994 with an official foreign debt in excess of $112 billion, $104 billion of which was inherited from the former USSR and $8.8 billion being the Russian Federation's new debt. During 1994 the actual payments on account of the former USSR debt were $0.9 billion, and on the Russian debt $2.75 billion. According to the Central Bank, money supply in circulation as of 1 January 1995 nearly tripled. In the money supply structure cash money occupied the largest proportion: 37 percent (as of 1 January 1993 this indicator was 40 percent); funds on the operating accounts of enterprises and organizations, 31 percent; and deposits and savings, 32 percent. The money base, including cash in circulation and in commercial bank tills, funds in the form of commercial banks' obligatory reserves and on correspondence accounts with the Central Bank in 1994 grew by 2.4 times as compared to 5.2 times in 1993. Cash constitutes the largest proportion in the money base structure: 62 percent (by the end of 1993 its share was 62.6 percent)

Duma Debates Tax Reform, Supports Central Bank

MK1706104095 Moscow SEGODNYA in Russian 17 Jun 95 p 2

[Report by Aleksey Kirpichnikov under the "Taxes" rubric: "Half a Year Later, the Duma Has Again Approved the Tax Code. Deputies Have Supported the Central Bank To Spite the Finance Ministry"]

[FBIS Translated Text] The second step has been made in developing Russia's Tax Code: The Duma has adopted in a second reading amendments to the Law "On Principles of the Tax System." Deputies were unanimous in making this step, which was due to the long period of its preparation — the first reading was held half a year ago.

Already then, the approval of the concept was the result of conciliation efforts after the government draft had been initially rejected. Again the Duma, represented by its Budget Committee, and the government, represented by the Finance Ministry, managed to come to an agreement.

According to Sergey Shulgin, a Budget Committee member, the principles of the tax system are fundamentally new. Taxpayers and tax services are granted equal rights, and the latter are additionally vested with consultative functions. An exhaustive list of taxes, with their cumulative upper limit, is given. Penalties for unintentional distortion of accounts will be reduced. A taxpayer is given the right to apply to the arbitration court, and no penalties are collected from the law breaker until the court makes a decision.

The Budget Committee and the government did not reach a compromise on only four items. The Duma deputies proposed extending special tax regimes, specifically, also to the programs of regional development, tax experiments, and international economic cooperation. A Finance Ministry representative made a note of the "unlimited character" of the formulation and the wish to make the tax system uniform all over the country.

The government would like to eliminate "other circumstances," used as an excuse for a neglectful taxpayer or a tax agent. Despite the similarity in argumentation as regards to the "unlimited character," Duma members have backed their Budget Committee on this matter — as well as on retaining penalties as a part of financial sanctions, instead of collecting them as arrears, as had been proposed by the cabinet.

Finally, the last issue discussed was the taxation of the Central Bank and some of its divisions. The Finance Ministry, through the government, demanded that the provision on zero taxation of the Central Bank should be removed, but Duma members succeeded in exempting the Central Bank from paying taxes. As participants joked in the lobby, now the Central Bank — if it is smart enough — can bring to Russia 450 limousines duty-free and thereby guarantee the Duma's approval of its protege for the chairman's office.

International Affairs

Kuchma Hopeful About G-7 Resolution on Chernobyl

LD1706122195 Kiev UNIAN in Ukrainian 1030 GMT 17 Jun 95

[FBIS Translated Text] Gurzuf (Crimea) — In his address to journalists at Artek on 16 June, Ukrainian President Leonid Kuchma expressed the hope that the G-7 meeting in Halifax would approve Ukraine's decision on the Chernobyl nuclear power plant and the maintenance of its power engineering complex.

"I think it is in the interests of everybody that there should be a greater number of stable states worldwide and, in particular, in Europe, where stability is the economy," he said.

Leonid Kuchma said he was convinced assistance to Ukraine would help it out of its present economic situation. What is most important is that "we should be trusted," he added.

No Response to Chernobyl Funds Plea

LD1706163395 Kiev Radio Ukraine World Service in Ukrainian 1500 GMT 17 Jun 95

[FBIS Translated Text] The G-7 leaders have given no response to Ukraine's appeal for additional funding for the closure of the Chernobyl nuclear power plant. The final economic communique issued on 16 June reflects only a general intention to ask international financial institutions for assistance in the phase-out but says nothing about the G-7 countries' specific commitments.

However, the participants of the summit commented favorably on Ukraine's first steps down the road of wide-scale economic reforms.

Kuchma Comments on Budennovsk Events

LD1706114595 Kiev UNIAN in Ukrainian 1030 GMT 17 Jun 95

[FBIS Translated Text] Gurzuf (Crimea) — In a conversation with journalists on 16 June, Ukrainian President Leonid Kuchma conveyed his condolences to the citizens of Russia in connection with the latest events in Budennovsk related to the Chechen tragedy, and underlined that there should be total exclusion of force in settling the conflict.

"It is difficult to comment on such events, because they cannot be categorized as normal. However, this will not pass painlessly for further mutual relations between the nations and peoples in Russia itself. The repercussions of these events may also affect us," Leonid Kuchma said.

Bilateral Cooperation With NATO Advocated

AU1606150195 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 15 Jun 95 p 3

[Unattributed report: "When Mr. Grachev Is in Sochi, Mr. Shmarov Is in Brussels"]

[FBIS Translated Text] Ukraine's Defense Minister Valeriy Shmarov took part in the great gathering of defense ministers of NATO member states and defense ministers of countries that have joined the "Partnership for Peace" Program. It coincided in time with the important negotiations in Sochi. Upon his return from Brussels, the minister held a news conference.

Valeriy Shmarov said that the session of the NATO Council had taken place in Brussels. The defense ministers discussed the situation in former Yugoslavia and issues of European security and also analyzed the development of the "Partnership for Peace" movement. The minister said that there was great interest for Ukraine throughout the plenary sessions that proceeded in the NATO headquarters.

At the news conference, the accent was placed on Ukraine's individual program for partnership with NATO. In the world that has recently underwent changes, some of those European states that had once been within the Warsaw Pact are striving to join NATO, whereas others have created a specific association in the East that is expected to guarantee the CIS security. By force of its law and its location, Ukraine does not belong to any one of these groups. It strives to cooperate with NATO on an individual basis. There already exists a draft plan for this cooperation. It includes more than 50 various measures. This is, primarily, exchange of military specialists and military training similar to that recently held on the proving grounds near Lvov. This program is meant for two years. The program will be submitted to heads of state of NATO member countries.

During his stay in Brussels, Ukraine's defense minister had a series of unilateral meetings with the defense ministers of Great Britain, the Netherlands, Poland, Bulgaria, and the United States.

With the British defense minister, Valeriy Shmarov discussed problems of peacekeepers in Bosnia-Herzegovina. There, the Ukrainian troops within the UN peacekeeping forces share a common sector of deployment with British troops. The latter help the Ukrainians out when things get bad with supplies of foodstuffs or fuel.

During their bilateral talks, the defense ministers of Ukraine and Poland discussed prospects for cooperation between the partner states. Besides, the ministers did not forget that we have common borders.

It was divulged that the number of Ukrainian peacekeepers will probably be increased by 600 persons. However, this question will be ultimately resolved next fall. Several states have sent rapid-reaction troops to the Balkans. Ukraine is refraining from making such a step.

As our minister's visit to Brussels took place at the time of the victorious negotiations between the heads of the two states in Sochi, there were many questions for Shmarov on the Black Sea Fleet and Sevastopol. It must be admitted that those questions did not add to his good mood. Because the questions themselves were amorphous. Let us analyze one of them: Will there be a headquarters of Ukraine's Navy in Sevastopol? The minister called this question tactless and said that Ukraine will find room on its territory for the headquarters, possibly even in the capital.

In Sochi, Russian Defense Minister P. Grachev, who is known for his unusual passion for military property, did not make any statement on property.

Measures Adopted To Protect Bosnia Peacekeepers

LD1706165995 Moscow INTERFAX in English 1534 GMT 17 Jun 95

[FBIS Transcribed Text] KIEV, June 17 (INTERFAX-UKRAINE) — Ukraine plans to adopt measures, "including political ones," in order to protect its military contingent in the composition of the UN peacekeeping forces in former Yugoslavia, Ukrainian Defense Minister Valeriy Shmarov declared to INTERFAX-UKRAINE agency Saturday [17 June].

He pointed out that leadership of Ukraine's Defense Ministry "is concerned over the sharp aggravation of the situation in Bosnia."

As it is known, several days ago the army of Bosnian Moslems started an offensive against Serbs' positions near Sarajevo.

"The major task of our contingent is to support peace and it does not participate in any hostilities," Shmarov said.

Meanwhile, the press service of the republic's Defense Ministry reported to Interfax-Ukraine that Deputy Chief of the Main Headquarters of the Ukrainian Armed Forces General Georgy Pankratov will meet with representative of the UN General Secretary in Yugoslavia Yasusi Akasi on Saturday.

In the course of their meeting the parties plan to discuss issues related to further staying of the Ukrainian peacekeepers in former Yugoslavia.

At the same time the Ukrainian servicemen assigned to the UN peacekeeping forces intend to address President Leonid Kuchma with a request to grant them the status of participants of combat operations, according to the press service.

Kuchma: Naval Bases Issue 'Still Not Settled'

LD1606144395 Moscow INTERFAX in English 1401 GMT 16 Jun 95

[FBIS Transcribed Text] SIMFEROPOL, June 16 (INTERFAX) — Ukrainian President Leonid Kuchma has said that the question of Ukrainian naval bases is still not settled.

"There will have to be very serious preparations before a decision can be made," Kuchma said Friday. He was speaking in Simferopol, where he had arrived to attend ceremonies on the occasion of the 70th anniversary of the Artek children's health resort.

"We shall discuss that question with the military behind closed doors," Kuchma said.

Under the agreement signed in Sochi on June 9, the Russian Black Sea Fleet and the Ukrainian Navy will be based separately.

U.S. Financial Aid Needed To Help With Harvest

LD1606191695 Moscow INTERFAX in English 1826 GMT 16 Jun 95

[FBIS Transcribed Text] KIEV, June 16 (INTERFAX-UKRAINE) — This year's harvest and purchase of agricultural produce for state needs without additional money issue will be possible only with U.S. financial aid.

Ukrainian Deputy Finance Minister Boris Sobolev told a news conference in Kiev Friday [16 June] that the U.S. Agency for World Development had developed a program to insure credits for exports of U.S. goods, equipment and agricultural implements to Ukraine for a total of $175 million.

U.S. Ambassador to Ukraine William Miller and Ukrainian Finance Minister Petr Hermanchuk [name as received] had signed a relevant intergovernmental agreement in May 1995.

Under the program, credits may be granted until December 31, 1995 for 18 months since the day of reception at an annual interest rate lower than the LIBOR rate.

The credit line will be open only after the Ukrainian Supreme Soviet ratifies the agreement. Sobolev said the government had submitted the required documents to the parliament.

Armenian Premier Signs Bilateral Agreements

LD1706170595 Kiev UT-1 Television Network in Ukrainian 1600 GMT 17 Jun 95

[FBIS Translated Text] Ukraine and Armenia signed bilateral agreements today in a ceremony at Mariyinskyy Palace in Kiev. Ukrainian Prime Minister Yevhen Marchuk and his Armenian counterpart Grant Bagratyan signed a joint communique on the Armenian prime minister's official visit to Ukraine. The two sides also signed intergovernmental agreements on air transport, and on employment and the social protection of Ukrainian and Armenian citizens. After the signing ceremony, the prime ministers spoke to journalists.

[Begin Marchuk recording, in Russian] A draft treaty on friendship and cooperation between our nations is virtually ready. The Armenian prime minister today conveyed an invitation from the president of Armenia to the president of Ukraine to visit his country at a convenient time, and we expect that the friendship and cooperation treaty will be signed by our presidents during Leonid Danylovych Kuchma's visit to the Armenian republic.

In addition, work has been completed on an important agreement on the avoidance of double taxation and several others. We aim to clear away all the obstacles obstructing our cooperation that have accumulated due to various circumstances. We are beginning a new stage (?in the relations) between our two nations, the freedom of trade is gradually increasing, and that which we signed today will promote this to the maximum effect. I would like to note that we are also facing favorable prospects in other areas of bilateral relations, and we will work together to bring that to fruition. [end recording]

National Affairs

Kuchma Continues Working Visit Across Country

LD1606191095 Moscow INTERFAX in English 1709 GMT 16 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Leonid Kuchma has supported creating Ukraine's own gold-mining industry and developing the coal industry. Speaking in the Kirovograd region council Thursday [15 June], he emphasized that "everything possible should be done to make these industries operate."

The fact that Ukraine "insufficiently took into account its own stocks of brown coal and fully hoped for the supplies of Russian gas instead" was explained by a "short-sighted vision and mistakes," he added.

During his trip across the Kirovograd region, Kuchma discussed a number of proposals to develop the region's mineral resource base. He instructed the Ministry of Industry to develop a plan of development of the region's industrial infrastructure.

The Finance Ministry was asked to analyze the possibility of reducing both state-owned and commercial banks' interest on their credits to the industry.

Corresponding government bodies were instructed to define and approve the priorities of reforming Ukraine's economy.

On the same day, Kuchma went to the Dnepropetrovsk region to meet the management of the missile and spacecraft-manufacturing association Yuzhmash, attend a collegium meeting of the Ministry of Industry and visit a metallurgic combine in Dneprodzerzhinsk.

Kuchma said Ukraine and Russia planned to create about 40 financial and industrial groups within the next month. All their members will be made exempt from customs duties and "will receive all chances to survive."

Kuchma also said the Ukrainian leadership was ready to re-orient or close down "inefficient" state-owned enterprises. "Today the time has been missed, and the state has no money for charity," he added.

Kuchma said he planned to sign a decree to review contracts with all the directors of state-owned enterprises within the next days. "The strictest measures will be taken to bring about discipline locally," he added saying "many local leaders are simply doing politics rather than economics."

Kuchma highly praised the importance of the constitutional accord signed with the Ukrainian parliament. "I have felt that I do not waste time on squaring accounts between the executive and legislature any longer," he noted. After the accord was signed, he had a possibility "to handle specific matters," he added.

On Friday, Kuchma arrived in Simferopol to attend the 70th anniversary of the Artek Pioneers' Camp. Answering journalists' questions, he said the issue of basing the Ukrainian navy headquarters in Crimea "still remained unsolved."

"To make this decision, it is necessary to thoroughly prepare," he remarked saying "we will discuss the issue in the narrow circle with the military. We will base wherever it is better." (According to a Russian-Ukrainian agreement signed in Sochi on June 9, separately based Russia's Black Sea Fleet and Ukraine's navy were created on the basis of the former Soviet Black Sea Fleet - IF note).

Asked about a possible cancellation of his own decree on re-subordination of the Crimean government, Kuchma said: "I am always ready to compromise, but only in the case if the political struggle is over that Crimean residents themselves do not need."

Kuchma hoped that the Ukrainian parliament will not veto the decree. "At present, the relations between the parliament and the president are such that it is unfavorable for neither side to show an example of confrontation," he added.

Kuchma said Ukraine planned to propose the next CIS summit discuss assistance to Crimean Tatars deported from Crimea.

Saying the repatriation program was and will be financed as envisioned in the 1995 budget, Kuchma added that "Ukraine cannot cope with such a problem alone, the world community should be turned to."

Kuchma said he was ready to solve Crimean Tatars' problems noting he had "raised these issues at the Sochi summit." Boris Yeltsin's reaction to the proposal to jointly solve the issue was "positive in principle," he added. Kuchma is convinced that Russia "has to make its contribution to the resolution of this important issue both morally and materially."

Kuchma Says Sochi Summit 'Ends' Crimean Issue

LD1706124095 Kiev UNIAN in Ukrainian
1030 GMT 17 Jun 95

[FBIS Translated Text] Gurzuf (Crimea) — All political forces in Ukraine and Russia have to proceed from the fact that Crimea is an inseparable part of Ukraine and nobody has the right to raise their hand against its autonomy," Ukrainian President Leonid Kuchma told journalists at the festivities to celebrate the 70th anniversary of Artek on 16 June. [no opening quotation marks as received]

He said he is convinced [the summit at] Sochi "put an end to the Crimean issue". The president expressed the view that "the Crimeans are concerned about their daily bread and are sick and tired of political squabbles between Crimea's executive and legislative branches of power."

Kuchma Meets With Crimean Tatar Leaders

WS1906092995 Kiev INTELNEWS in English
2255 GMT 17 Jun 95

["Special to INTELNEWS" by Lilia Budjurova]

[FBIS Transcribed Text] Simferopol, June 18 — President Leonid Kuchma, responding to a week of protests by Crimean Tatars over the Ukrainian government's delay in their resettlement programs, traveled to Crimea this weekend for a closed-door meeting with Crimean Tatar leaders Mustafa Dzhemilev and Refat Chubarov.

More than a thousand Tatars picketed the Crimean government building in Simferopol on Wednesday, demanding that the government allocate funds it has already promised for the programs.

The Saturday talks reportedly concerned renewing financing of the resettlement program and the possible participation of the Commonwealth of Independent States and the international community. Medzhlis leaders expressed their wishes to Kuchma before his visit to Uzbekistan, where more than half of the Crimean Tatars live.

According to Chubarov, who is Crimean Tatar Medzhlis deputy chairman, Kuchma spoke in favor of combined actions to cope with the resettlement problems.

At a rally Friday in Crimea, Crimean Tatars demanded the re-launch of a state program that finances the resettlement of deported Tatars to their historic land. Tatars also demanded the approval of laws restoring their rights.

The Crimean Tatars were forcibly deported from their homeland by Soviet authorities 51 years ago. In addition to the Tatars those forced to leave included Armenians, Bulgarians, Greeks and Germans.

A total of 250,000 Crimean Tatars have returned to Crimea since the breakup of the Soviet Union, most of them to face dire poverty. Three hundred thousand others are still settled in their former places of exile.

Kuchma To Raise Crimean Tatar Issue

LD1606172595 Kiev UNIAN in Ukrainian
1300 GMT 16 Jun 95

[FBIS Translated Text] "Belbek" airport (Crimea) — Upon his arrival in Crimea on 16 June, Leonid Kuchma said he does not mind meeting representatives of the Crimean Tatar people. He also pointed out that the problems facing the Crimean Tatars cannot be resolved "at demonstrations."

The Crimean Tatar issue, the president said, is not an issue to be resolved by official Kiev only, because "this is not Kiev's fault." Kuchma expressed his intention to raise the issue before the CIS member states.

In Kuchma's opinion, Russia is obliged to contribute, both financially and morally, to the cause of resolving the Crimean Tatar issue.

Crimean Autonomy Said To Damage Government

WS1906101795 Kiev INTELNEWS in English 1952 GMT 18 Jun 95

["Analysis" by Oleksandr Pilat: "Crimea's Automatic Collapsing Autonomy" — from the "Economic Review" feature]

[FBIS Transcribed Text] When Crimea became an autonomous republic in March 1991, locals expected the peninsula to escape a crushing economic crisis that was destroying its industries. So far, autonomy has continued to wreak havoc on industry and has damaged Crimea's government to the point that Ukraine's Parliament stripped the area of its autonomy.

Prices rose, factory output dropped and little occurred on the political front in Crimea. Then earlier this year, Ukraine's Parliament dissolved Crimea's presidency. These developments mired Crimea and hurt its chances of achieving the economic development autonomy was to bring, according to political observers.

An intelligent government policy was needed to help Crimea become really autonomous. The previous Crimean Parliament and local government made changes and at least pulled the Crimean economy out of stagnation. But statistics show ousted Crimean President Yuriy Meshkov and a Crimean Parliament that won on a pro-Russian platform basically demolished all the achievements of the previous government.

The new government team, including economist Yevgeniy Saburov, brought by Meshkov from Moscow, worsened the situation in part by living in a resort about 50 kilometers from Simferopol and then working only a few hours a day. Meskov's trips to Switzerland, Germany, China and other countries to seek foreign investments did not achieve much.

Meshkov failed to meet his campaign promises, including to use the Russian ruble in Crimea and to attract numerous foreign investments. The peninsula's complicated political situation delayed the beginning of Crimea's economically important recreation season and badly hurt the local economy.

Then the Crimean president and Parliament tried to dissolve each other, confusing the situation.

Only the appointment of Anatoliy Franchuk as Prime Minister of the Autonomous Republic of Crimea slightly improved the economic situation, according to Yevhen Marchuk, Ukraine's Prime Minister. Re-subordination of the Crimean government directly to the Cabinet of Ministers was also a step in the right direction, he said.

Still, Crimea's Parliament is immobile. For a year it did not adopt a single economic law, instead directing its energy to fighting for more independence from Ukraine and for closer ties with Russia.

Meanwhile, Kiev assigned Crimea KBV [karbovantsi] 50 billion for spring planting, KBV21 billion for improvement of Crimea's sanitary and epidemiological situation as part of a KBV250 million budget loan. Crimean government and the Cabinet of Ministers also reached an agreement on assigning KBV1.4 billion in economic aid for autonomy of gas and oil industries.

Historically, Ukraine has always helped Crimea, even while officially it was part of the Russian Federation. In 1922 the Communist Party declared "(it's) necessary to give two trainloads of grain to Crimea." And during the famine of 1932, Ukraine shipped 2,000 tons of wheat to Crimea.

"The slogans, spread by Crimean chauvinists and separatists that by leaving Ukraine, Crimea is going to live a lot better are a myth," according to Mykola Porovskiy, a leader of the Crimea with Ukraine, public association, supporting closer ties between Crimea and Ukraine.

Meanwhile, this year's statistics compared to 1994 show the worsening economic situation. In the first quarter of 1995, Crimean enterprises produced 25.3 percent less than in the first quarter of 1994. Nearly two-thirds of the region's 224 enterprises reduced their output so far this year, according to the Statistics Department. Only debts grew. Indebtedness grew 5.4 fold, while credit indebtedness grew 3.7 fold, the department reported.

Nor was the attempt to change the tax system successful. Especially disastrous was the attempt to eliminate the value-added tax for imported goods, which was to promote development of the shipping industry. But it did not work and led to a presidential decree to halt the resolution.

Peasants once said agricultural export limitations were the root of their problems. But soon after the Crimean government opened its export market, a resolution was passed in December prohibiting export of products including flour products, cattle, pigs, fish, soy and oil.

The need to reform the local economy is tremendous but Crimean Parliament's resistance to start reforms is impressive, said Vladimir Shevyov, leader of a reforms faction in Crimean Parliament. While the Crimean government insists on approval of a privatization program, its Parliament hinders discussion of the subject, he said.

According to Crimean Statistics Department, in 1994, 29 government-controlled enterprises and 20 municipal properties were privatized. Meanwhile, 37 enterprises were transferred to a collective, 11 went to private concerns and one went to a mixed form of possession.

So far, privatization in Crimea has amounted to a drop in the bucket, Shevyov said.

However, the share of state-run enterprises steadily declines, too. In 1994, the number of state-owned businesses decreased by 5.8 percent, while the number of non-state businesses grew by 4.9 percent. By the end of 1994, 112 businesses with non-government (mostly leasing) forms of possession were working in Crimea. And for the last three years their income has been higher then that of state-owned enterprises, according to the local statistics department.

Furthermore, life for Crimeans is much more expensive than for inhabitants in the rest of Ukraine, said Refat Chubarov, the leader of Kurultai, Crimean Tatars' faction in Crimea's Parliament. Autonomy brought higher prices with consumer prices exceeding average Ukrainian figures by 10 percent.

Data of one-day price registration from May 14 by the Crimean Statistics Committee shows only Crimean bread prices are lower than in Donetsk, Zaporizhia and Kherson oblasts. But in all other goods, Crimea is more expensive than the rest of Ukraine. Even the expensive Donbass coal mining region, where workers are better paid (when the mines can afford paying them) than in the rest of the country, has lower prices for pasta, milk and dairy cream, curds, eggs, oil, cabbage and potatoes than in Crimea.

But by cutting produce orders, wholesale companies primarily hit producers. Unbalanced prices and a decrease in demand lead to further production decline. When consumers can't buy goods and manufacturers are unable to sell, Crimea faces a long struggle before it has its own market economy or autonomy.

Russian Party of Crimea Begins Petition Drive

WS1906090495 Kiev INTELNEWS in English 0036 GMT 17 Jun 95

[FBIS Transcribed Text] Simferopol, June 15 — Russian Party of Crimea leader Sergey Shuvaynikov said Thursday [15 June] that his party started collecting signatures for the petition called the Act of Declaration of Russian Status in the Republic of Crimea.

The text of the petition declared, "By will of the Crimean people, the majority of whom are Russian people, the Russian Party of Crimea proclaims restoration of the Russian status of Crimea and Sevastopol and demands from the presidents and parliaments of Russia and Ukraine to annul the Act of 1954 on transfer of Crimea from the RSFSR (Russian Soviet Federative Socialist Republic) to Ukraine."

The petition also said that "the Russian population of Crimea, finding itself today in the position of a deported nation and national minority, deprived of the right for dual citizenship and forcefully isolated from its only motherland — Russia, will never agree with the dictates of Ukrainian leadership and will carry out a continual struggle for its rights."

Shuvaynikov said the Russia bloc "betrayed the interests of a majority of Crimean people," therefore the Russian Party intends to collect, within a year, one million signatures in support of the act that will lead to a referendum on Crimea's status.

Communists Circulate Statement on Crimean Status

WS1906092695 Kiev INTELNEWS in English 0036 GMT 17 Jun 95

[FBIS Transcribed Text] Simferopol, June 15 — A statement calling for the restoration of the Soviet Union to end all struggles among Commonwealth of Independent States countries, signed by the Communist parties of Armenia, Belarus, Crimea, Russia and Ukraine, was circulated Thursday [15 June] in Crimea.

The statement makes specific references to the situation in the Autonomous Republic of Crimea to illustrate why the Soviet Union should make a comeback.

The statement said that "all that is going on inside and around Crimea is a direct consequence of the criminal disintegration of the united Soviet state in spite of the peoples' will... a result of the short-sighted and dangerous policy, directed to disintegration of the fraternal peoples and states, getting Ukraine involved in the NATO military structures with a clear opposition to Russia and the other Commonwealth of Independent States countries."

The statement said that the "fraternal parties" consider that "the development of events in the Autonomous Republic of Crimea evoke ever-increasing anxiety" because "hostility between the nations is stirred up and opposition between the Crimean and Ukrainian authorities is provoked." The statement also said that the Crimean question complicates Ukrainian-Russian relations, threatening them with the danger of further complications and could even convert Crimea into one more "hot spot."

Kuchma Hopes For End to 'Political Bickering'

LD1606164695 Kiev UNIAR in Ukrainian 1130 GMT 16 Jun 95

[FBIS Translated Excerpt] Ukrainian President Leonid Kuchma on 15 and 16 June was on a working visit to the Kirovograd and Dnepropetrovsk Regions. [passage omitted]

At the airport after a conference on his way to Dnepropetrovsk, Leonid Kuchma answered questions from journalists:

[Kuchma] "My trip has been extremely fruitful. A good crop is ripening. God help us to have it in our granary.

"After the constitutional treaty was signed, I have felt that work has become easier since I no longer waste my time sorting out relations between the executive and legislative branches of power. We have moved away from dead center. This process will forge ahead. I am convinced we have no alternative.

"I hope that after the forthcoming parliamentary recess, there will be no more political bickering. I am confident that all of us, the deputies, parliamentary leadership, president, and government shall now have enough common sense. I hope that we all have realized that Ukraine is one for all of us."

Polls Show Preference for 'Firm-Hand Rule'

WS1606115395 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 10 Jun 95 pp 1, 2

[Article by Vasyl Tkachenko: "At the Helm of Power"]

[FBIS Translated Excerpt]

Who Is To Blame?

There is an old and universal idea in military units: If discipline in the ranks begins to fall, one must immediately apply drill training. As a rule, a positive effect is achieved after three of four hours of drilling. Men become determined and concentrated, army porridge — more palatable, and sleep — deeper.

The same may also be said about the civilian sphere — if people are distressed by nonpayment of their wages, and a shadow of scarcity and shortages is constantly lurking, then a universal, all-encompassing idea emerges: There needs to be strong authority! Moreover, it would be good if this authority was personalized, so that people could know on whom they may pin their hopes for improvement, or who may be blamed if things worsen.

Such is the level of our political culture. There are objective reasons for this. People have been tired of faceless bureaucracy, so they hope that a personalized leader will assume the role of their social defender. We are aware that a society in need of heroes is an unhappy one, but, nonetheless, we set our hopes upon such heroes.

True, there are also cheerful changes. We are abandoning "witch hunting"; we have ceased to link the source of our problems with some ideology or another. Regarding those "guilty" of the economic crisis in Ukraine, polls conducted by the "Socis-Gallup" sociological service show that only one percent of respondents link the source of crisis with the activity of Ukrainian nationalists, while 2.5 percent of respondents link it with the activity of communists and socialists.

Our citizens testified to their rather high level of understanding of social processes when they stated that the crisis may be ascribed to such "guilty parties" as: the disintegration of the USSR — 29.1 percent of those polled; unwillingness or incapability on the part of Ukraine's leadership to implement economic reforms — 25.9 percent; mafia activities — 23.5 percent; the lack of order and discipline — 21.9 percent; the lack of strong and authoritative leaders in Ukraine — 17.7 percent; the lack of a realistic program for overcoming the crisis — 16.3 percent; incompetence and irresponsibility of the state apparatus — 15.6 percent (respondents were allowed to indicate several factors).

Thus, our citizens are aware that the main problem lies in our incompetence in the sphere of self-organization (or our competence only in the sphere of organizing bureaucratic and mafia structures). They are also aware that the overwhelming majority of our citizens is in a state of "Brownian motion." [physics term for state of random motion] As for problems, they wait for no one. Hence, we are gravitating toward a firm-hand rule, which could bring order immediately and efficiently.

Who Will Be Our Rescuer?

According to the "Socis-Gallup" service, the first half of 1995 was marked by hopes pinned on power and administrative structures headed by the president. How do our citizens perceive the president and his powers? The answers were distributed in the following way:

— the president has to head the government and assume responsibility for domestic and foreign policies (like in the United States) — 67.5 percent;
— under the Ukrainian circumstances, the president is completely unnecessary — 3.5 percent;
— the president has to share power with a prime minister approved by the parliament (like in Greece) — 5.7 percent;
— the president has to be the head of state, a "symbol of the nation" without executive powers, which are vested in a prime minister elected by the parliament (like in Italy and Germany) — 7.0 percent;
— it is hard to tell — 16.3 percent.

Such data are alarming. We are only beginning to assure (more in the public consciousness than in real practice) the principle of power division, but we are already ripe to again renounce freedom for the sake of our everyday bread, and to concentrate all powers in the hands of a single person. It is also alarming that an average man, tired with everyday problems, begins to gravitate toward shifting off the responsibility for his lot to someone else, rejects the very need of thinking on his own, and calls to "stop prattling."

In this way, we will unnoticeably reject the most essential feature of culture — its ability to seek dialogue — in both everyday talks and parliamentary or scholarly debates. It is only a small step from there to the idolization of "direct action," the "policy of accomplished facts," and other extremist methods elevated to the level of state policies. [passage omitted]

Ukrainian Political, Army Situation Viewed

MM1606105495 Moscow KRASNAYA ZVEZDA in Russian 15 Jun 95 p 3

[Report by Anatoliy Polyakov and Grigoriy Nesmyanovich: "Ukraine at Crossroads. How To Live in the Future?"]

[FBIS Translated Text] The antagonism between parliament and the president, only slightly eased by the recently signed constitutional agreement, the relations with Russia, which are not improving radically, the almost destroyed economy, and the deceived hopes of Western investments — none of this allows citizens to find an answer to the question of how to live in the future.

The crisis in relations between the two branches of power in Ukraine looks as though it has been extinguished. After the Ukrainian president's meeting with members of the Supreme Council presidium and representatives of the deputies' factions and groups, the consensus which was reached received, through a roll-call vote, the support of the majority of people's deputies. What does that mean? On the one hand the president and the parliament have gained time to consider their political potential without resorting to extreme measures like holding a nationwide poll on trust in a particular branch of power. That is this is a postponement and there should be no illusions regarding the agreement which has been reached. On the one hand the absolutely obvious confrontation between the president and parliament which seems to have put all its efforts into curbing Leonid Kuchma's political ambitions has reached the point beyond which neither of the rivals will be able to hold onto power. And a sense of self-preservation under the guise of conciliation and the desire to act in the interests of the silent people has most likely pushed the parliament and president toward signing a constitutional agreement. And that act of good will means that until the adoption of a new Ukrainian constitution the treaty will slightly regulate relations between the two branches of power and, one wants to believe, will not lead the country toward disputes and conflicts. According to a poll carried out by the "Democratic Initiative" center, the president is trusted by 23 percent of the population in Lvov, 13.1 percent in Kiev, 0.2 percent in Donetsk, and just 1.5 percent in Simferopol. The Supreme Council is even less respected in society.

The situation in the Ukrainian army, despite the assurances of official military bureaucrats regarding its combat readiness, is also truly critical. But both Ukraine's political leaders and their counterparts in the Defense Ministry are to all appearances seeking a way out in a place where it is not visible to everyone. Recently the NATO countries' military delegations have been visiting the Armed Forces units and formations one after another. While the "Shchit-95" exercises were taking place near Lvov, in Zhitomir at the center for training the motor transport troops there was a Netherlands Defense Ministry delegation, while at the "Desna" training center near Chernigov there was a delegation from the French armed forces and in Odessa a whole German squadron of seven ships weighed anchor for four days.

To judge by press publications, Ukraine can "see Russia's intrigues" everywhere as though Russia were dreaming only of crushing Ukraine. In actual fact these are no more than attempts to divert attention from a serious question for the country: how to extricate itself from the abyss of crisis.

Shmarov: Kiev Against Presence of Foreign Troops

LD1706184995 Kiev Radio Ukraine World Service in Ukrainian 1800 GMT 17 Jun 95

[FBIS Translated Text] Ukraine's military doctrine is of a defensive nature. Ukraine has no potential adversaries and none of the world states regards Ukraine as an adversary. Valeriy Shmarov, Ukraine's deputy prime minister and defense minister, made this statement in a speech delivered at a meeting with graduates of the Kiev Higher Military Institute of Land Forces today. Shmarov also said that Ukraine is against the presence of foreign troops on its territory.

Government Allocates Space for Refugee Settlements

LD1606204395 Kiev UNIAN in Ukrainian 1745 GMT 16 Jun 95

[FBIS Translated Text] Kiev — The Cabinet of Ministers has issued a directive allocating areas for temporary refugee settlements. Immigration officials in the Autonomous Republic of Crimea, Ukraine's regions, and the cities of Kiev and Sevastopol will be responsible for providing accommodation for the settlers. Accommodation will be granted upon production of orders issued by these officials.

According to the Ministry of Nationalities, Migration, and Religious Affairs Directorate for Deportees and Refugees, 8,739 people applied for refugee status in Ukraine in 1994. Most applicants were from the Caucasus, while others came from African states, the CIS, the Middle East, and Far Eastern regions.

Under the government directive, temporary refugee settlements will be set up in five districts of Vinnitsa Region, five districts of Cherkassy Region, one district in Khmelnitskiy Region, and one in Ivano-Frankovsk Region.

INTELNEWS Cites Presidential Source on Reshuffle

WS1606140395 Kiev INTELNEWS in English 0646 GMT 16 Jun 95

[by Volodymyr Katzman "Special to IntelNews"]

[FBIS Transcribed Text] Kiev, June 15—The Cabinet of Ministers is about to lose several of its deputy prime ministers, according to a presidential official requesting anonymity.

Those who may possibly lose their senior government posts include First Deputy Prime Minister Viktor Pynzenyk and deputy prime ministers Ivan Kuras, Ihor Mityukov, Petro Sabluk and Valeriy Shmarov, according to the official.

According to some sources, the new government may have just one deputy prime minister. Among the most probable candidates are Valeriy Pustovoytenko, who currently serves in the cabinet as a minister without portfolio, Dnipropetrovsk oblast administration chief Pavlo Lazarenko and Mykolayiv oblast administration chief Anatoliy Kinakh.

It has already been reported in the media that Shmarov, who currently serves as both deputy prime minister and defense minister, will retain only the defense post in the new government.

Sabluk, who is deputy prime minister in charge of agriculture, will likely be demoted to agriculture minister, replacing Yuriy Karasyk at this post, according to the administration official.

It is also expected that current deputy prime ministers Ihor Mityukov and Ivan Kuras will be appointed as governor of the UkrExImBank and culture minister, respectively.

In addition, it is expected that regional officials, most of whom steadfastly supported President Leonid Kuchma's drive to hold a confidence plebiscite, are to replace many of the Kiev establishment currently serving in the government.

The governors of Poltava and Kharkov oblasts are expected to soon move from their home cities to Kiev, where they will be offered posts in the new cabinet. It is also expected that Kharkov Mayor Yevhen Kushnaryov and Donetsk oblast administration chief Volodymyr Scherban will become members of the new government.

It is also rumored that Presidential Chief of Staff Dmytro Tabachnyk is seeking to replace Hennadiy Udovenko as foreign minister. Should this happen, Tabachnyk, 31, would be the youngest foreign minister in Europe.

Moroz Speech Favors Power Bill Compromise

954F2530A Kiev GOLOS UKRAINY in Russian 8 Jun 95 p 2

["Speech of Chairman of the Supreme Council of Ukraine Aleksandr Moroz at the 7 June 1995 Session of the Supreme Council"]

[FBIS Translated Text] Esteemed colleagues and deputies! Citizens of Ukraine! Esteemed Comrades!

We are working now in a situation that we ourselves created—I have in mind both the president and the Supreme Council.

The law "On Power," for which we voted as a whole, has many shortcomings. This is clear to everyone, but this is not the point. It encroaches on the Constitution, but we do not have the capability to make changes to it, we do not have a constitutional majority. This, incidentally, was known a long time ago.

A conflict has occurred which the president hopes to get out of by means of a poll of the voters. This course is unconstitutional. We made the correct decision in this regard. We are working on a new Constitution. This means that we must make changes to it one way or another and find another way to exercise power as a whole. Everyone knows this also. Everyone understands that any poll now will not promote the consolidation of society, overcome the crisis, or preserve the state, but rather will create the illusion of resolving our problems. Understanding this danger, it is necessary not to confront the people with a choice, thereby shifting responsibility for the state of affairs onto the voters, onto the people of Ukraine. We do not have a right to do this.

People today are disturbed by other matters: the difficult preparations for the harvest, the fear of a possible drought in the south, natural disaster in the Volyn region, enterprises shutting down, and unemployment. After entrusting authority to us—the Supreme Council and the president—they do not understand why they are also forced to reconcile us—this is unreasonable, and this does not bring any of us any honor.

Therefore, obviously, it is necessary to find a compromise, a certain legal conditionality on the basis of a political agreement. I repeat: a provisional legal and political agreement. This agreement can be a constitutional agreement, a contract, or another document leading to a compromise, and it will be that conditionality (I repeat once more) that makes it possible to use the norms of the Law on Power without its adoption by a constitutional majority, inasmuch as we will not be able to garner such a majority. A compromise at least to give the people hope of the possibility of a change for the better. But this is possible only given real steps to protect our production, social reorientation of the economy, and those structural changes that we must ensure together with the executive authority; that is, a resolution of those problems that worry a majority of the people of Ukraine.

As for the content of the agreement. I will leave aside all the nuances that were associated with its preparation, examination, etc. I want only to obtain your consent. Especially since in the morning the president and I looked over his text once more before coming here. In my opinion, it is necessary from the very beginning to say that the variant you have in your hands must stand on a principled norm, in particular also in an editorial respect. In the first words "We the Supreme Council of Ukraine," it is necessary to delete the word "We," and to say simply "The Supreme Council as the single legislative organ from one standpoint." That is, not to refer to individual deputies, because we have a single entity of power—the Supreme Council.

Further, on the second page: "Considering the positive gains achieved in the process of continuous reconciliation of the positions of the president of Ukraine during work on the draft law 'On State Power,'" delete the words "conciliatory commission," inasmuch it was not only it that worked, and it was not only it that came, so to say, to one or another conclusion.

Provide in section 4 on page 20 in the concluding positions: Before the adoption of the new Constitution of Ukraine, adhere strictly to the positions of this constitutional agreement. We will also operate in full conformity "not to it, but with it"—this is an editorial detail. But provide that until the adoption of the new Constitution, the parties will not submit other questions, besides the adoption of the new Constitution of Ukraine, for an all-Ukrainian referendum and consultative referendum and a poll.

And in the final provision on putting this agreement into effect, it is necessary to stipulate the following norm: This constitutional agreement goes into effect from the moment it is signed by the president and the chairman of the Supreme Council, but not after the signing by the deputies. The deputies who want to, can sign, it is open, and the president has also already said this. Thus, if we keep it open, it means that we are not setting a time regarding its signing.

I would request that these norms be taken into account and, in this way, I would agree and am obligated to put this question to a vote.

With respect to whether it will be voted through. I think that it will be. I believe this. Personally I will sign and vote. But I ask each deputy to personally take the position that his conscience and understanding of the importance of his vote prompts him to take.

Thank you for your attention.

Parliament Says Justice Minister's Party Unlawful

LD1606175295 Kiev UNIAN in Ukrainian
1300 GMT 16 Jun 95

[FBIS Translated Text] Kiev — Ukrainian Justice Minister Vasyl Onopenko on 16 June received a letter from the Supreme Council of Ukraine Legal Policy and Judicial and Legal Reform Committee recommending that the certificate of registration issued to the Social Democratic Party of Ukraine [SDPU] be annulled "as such was issued in breach of the legislation in force." The Justice Ministry registered the party led by Vasyl Onopenko himself on 28 February 1995.

The commission considers that the eighth congress of the SDPU, the second congress of the Party of Human Rights formerly led by Vasyl Onopenko, and the second congress of the Ukrainian Party of Justice, which declared their unification in one Social Democratic Party of Ukraine, were held in breach of the requirements set out in the provisions of those parties' statutes, which is why the constituent congress of unification was against the law and the registration of the SDPU was unlawful.

10-Year Program for Radiation Sufferers Approved

*WS1906095495 Kiev INTELNEWS in English
0147 GMT 18 Jun 95*

[FBIS Transcribed Text] Kiev, June 16 — The Cabinet of Ministers on Friday passed a 10-year state program to protect residents of Zhovty Vody, Dnipropetrovsk oblast, from radiation. Zhovty Vody is the site of a major uranium extraction site.

The state will finance a territorial rehabilitation center to improvement the health of city residents. The government said it will build new houses those resettled from the contaminated areas of Zhovty Vody, plant trees and shrubs in the city, and clean the mouth of the Zhovta river.

The Cabinet said that residents of the contaminated zone will also receive financial support.

The program will cost KBV [karbovantsi] 110.2 billion, according to prices set last October.

Navy Opens TV, Radio Center in Sevastopol

*LD1606154295 Moscow INTERFAX in English
1039 GMT 16 Jun 95*

[FBIS Transcribed Text] SEVASTOPOL, JUNE 16 (INTERFAX-UKRAINE) — Thursday evening [15 June] the chairman of Ukraine's National Council for TV and Radio Broadcasts Viktor Petrenko authorized the commander of the Ukrainian Navy Vladimir Bezkorovainy to open a TV and radio center that is to be known as Briz (Breeze).

Bezkorovainy described the opening of the Navy's TV and radio station as "a remarkable event" that proves that the government and political circles realize the need for local broadcasts.

Bezkorovainy hoped that the station's staff workers would remain as objective as they were and suggested that "democracy would win the media only when different points of view are reflected in media broadcasts".

Economic Issues

Ukraine, Germany Initial Double Taxation Agreement

LD1606205395 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 16 Jun 95

[FBIS Translated Text] Ukraine and Germany initialled an agreement on 16 June on the avoidance of double taxation. The document will be signed during President Leonid Kuchma's visit to Germany this July. Michael Krause, adviser to the German Ministry of Finance, told UKRINFORM that the agreement will create a better investment climate for German companies in Ukraine.

According to Vasyl Rekhuretskyy, first deputy head of the Main State Tax Inspectorate, who led the Ukrainian delegation at the talks, such an agreement with Germany is of crucial importance as Germany is one of Ukraine's biggest investment partners.

Ukraine has signed double taxation agreements with Great Britain, the United States, Finland, Poland, Belarus, and Uzbekistan. Similar documents are being negotiated with 30 other countries.

Deputy Finance Minister on Equity Market Growth

*WS1906100595 Kiev INTELNEWS in English
1952 GMT 18 Jun 95*

[Interview With Deputy Finance Minister Boris Sobolev by INTELNEWS correspondent identified as "ER" — from the "Economic Review" feature; first paragraph is INTELNEWS introduction]

[FBIS Transcribed Text] Boris Sobolev, Deputy Finance Minister, Graduated from Kiev University, Department of Foreign Economic Relations in 1984, defended Doctor of Science in Economy thesis on international agrifood trade. [sentence as received] In 1988-1991 worked in foreign trade association UkrImpEx. In 1991 participated in Standing Foreign Relations Committee of the Parliament of Ukraine, in 1991-1993 appointed First Deputy Minister of Foreign Trade, co-Chairman of the International Committee on Debts and Assets of the former USSR. In June, 1993, appointed Deputy Finance Minister. In 1992 he was elected Global Leaders for Tomorrow World Economic Forum. He is fluent in English, French, German and Polish.

[ER] What is the legal base regulating today's equity market in Ukraine?

[Sobolev] The principal legislation governing equity financing in Ukraine is the Law on Securities and Securities Exchange — the Securities Law. It was adopted in June, 1991 at the time when Ukraine had not yet embarked on a full-scale program of market reform and transformation. Although Ukrainian lawmakers had intended to use the Securities Law as the first step in the development of a sophisticated securities market in Ukraine, progress has been significantly hampered by inadequate legislation in the areas of taxation, accounting and corporations.

Nevertheless, the Securities Law does provide an initial basis for building a legal framework for securities transactions. Local entrepreneurs are slowly gathering expertise and experience and the privatization process is expected to move forward in the near future. Although considerable economic and legislative reforms are still required before a sophisticated and efficient securities market will appear in Ukraine, there are clear indications that the country is about to embark on a period of significant economic growth and reform.

[ER] What is the nature of Ukrainian equity financing and what are present trends in its development?

[Sobolev] At present, approximately 90 percent of Ukrainian enterprises are state-owned. As a result, a vast majority of the Ukrainian economy is centered around legal entities that have traditionally relied on state subsidies and are significantly restricted by law in their ability to rely on market mechanisms to meet their financial needs. The problem is further exacerbated by the fact that most managers of state enterprises tend to turn instinctively to the state and not to the market to obtain financing.

Given the lack of privatized companies, the securities market to date has been dominated almost exclusively by banks, insurance companies, venture capital firms and investment funds. However, the lack of resources among investors and the high risk of investment in such companies have resulted in a very thin market.

[ER] What is the impact of corporation and privatization on the equity markets of Ukraine?

[Sobolev] The Ukrainian equity markets have recently received a push forward with the adoption of legislation requiring the transformation of state enterprises into open, joint-stock companies. The shares of such "corporatized" enterprises are subsequently to be sold to investors under the privatization process. With the impending mass privatization program, one can anticipate a significant growth in the Ukrainian securities markets.

The Ukrainian privatization program contemplates that a significant portion of shares in privatized enterprises are to be sold for privatization certificates to be distributed to the population at large. Previously these certificates were issued in the form of entries on a special privatization account opened by each individual Ukrainian citizen at the local branch of the Ukrainian Oshchad-Bank (Savings Bank).

Starting in January, 1995 certificates are being issued in cash form. Distribution of new certificates started in five regions of Ukraine on January 1, 1995 and in other regions of Ukraine on February 1, 1995. However, privatization certificates are in nominative form and are non-transferable. In addition, amounts previously credited to a privatization account in OshchadBank are also not freely transferable and may only be utilized to purchase shares in the privatization process by the citizen to whom they were issued.

Privatization certificates are currently valued at KBV [karbovantsi] 50 million each.

[ER] What is the current state of Ukrainian equity markets?

[Sobolev] No effective securities market exists in Ukraine at this time — only a small number of companies are officially quoted on the Ukrainian Stock Exchange (USE). Weekly trading volume in late 1994 and in the beginning of 1995 was no more than several thousand dollars.

The over-the-counter (OTC) market is more active. However, it operates in very small volumes. Moreover, the liquidity of most OTC securities is very limited with very few securities having both buy and sell quotations. The OTC market is largely unregulated and most of the securities traded on it represent high-risk investments.

The Cabinet of Ministers of Ukraine is planning to review the structure and functioning of the country's securities markets and intends to propose to Parliament sweeping amendments to the current securities legislation.

[ER] What are the legal regulatory requirements of this market and, more specifically, what are the authorities regulating in securities circulation?

[Sobolev] The principal governmental bodies that regulate securities in Ukraine are the Finance Ministry and the Securities Commission of the Cabinet of Ministers (the Securities Commission).

At the present time, most of the regulatory functions are carried out by the Finance Ministry and other local financial governmental bodies (the Registering Bodies). These include the registration of securities and the registration of public offerings. Such registrations are carried out by the Finance Ministry in Kiev if the securities are to circulate throughout Ukraine and by the relevant regional financial government body if the securities are to circulate exclusively in a given region.

The principal responsibility of the Securities Commission is to develop proposals and new legislation for the regulation of the Ukrainian securities market and to coordinate the activities of the various state regulatory authorities. Although at present the authority of the Securities Commission is overshadowed by that of the Finance Ministry, it is anticipated that in the future the Securities Commission will become the principal governmental body regulating securities in Ukraine.

Interest Rates Continue To Fall

WS1906100395 Kiev INTELNEWS in English
1952 GMT 18 Jun 95

[Report by Serhiy Shevchenko — from the "Economic Review" feature]

[FBIS Transcribed Text] Interest rates continued their fall last week, responding to low inflation and the central bank's low discount rate.

Average commercial bank interest rates for monthly loans to companies dropped to an annualized 110 percent, down from 130 percent the previous week. Interest rates declined for six consecutive weeks.

Falling interest rates reflect lower inflation on the consumer market. According to the Statistics Ministry, inflation in May was posted at 4.6 percent, lower than was initially expected. April inflation was reported at 5.8 percent, down from 11 percent in March and 26 percent in January.

Low inflation recently forced the National Bank of Ukraine [NBU] to slash the discount rate. Starting June 7, the NBU began lending money to commercial banks at an annualized 75 percent, down from 96 percent.

The interbank credit market, where commercial banks sell loans to each other, exhibited declining interest rates. The short-term (one- to two-day) loans were sold at annualized 15 percent to 20 percent, down from 25 percent to 30 percent the previous week.

Weekly loan rates dropped to an annualized 30 percent last week, down from 35 percent to 40 percent, while monthly loan rates slightly rose to an annualized 80 percent to 85 percent, up from 75 percent the previous week. Monthly loan rates on the interbank market increased for the second consecutive week.

Further development on the credit market will strictly depend on the NBU's future credit policy. The NBU repeatedly said it will stick to a tight money policy. However, Oleksandr Rudichenko, a Ukrainian Interbank Currency Exchange [UICE] official, recently sent shock waves by saying the NBU exceeded its credit ceiling for the first six months of this year. Rudichenko said the NBU printed more karbovantsi [KBV] to pay salaries for miners, who earlier threatened to go on strike if their demands are not met.

"The NBU issued some KBV10 trillion to KBV15 trillion ($70 million to $100 million) into circulation," he said. "To set off this excessive karbovantsi, the NBU sold at the UICE some of its hard currency reserves," Rudichenko added.

Viktor Stelmakh, NBU deputy governor, recently said the NBU will use non-inflationary tools to finance the budget deficit. Among these tools Stelmakh mentioned issuing state bonds and special NBU hard currency saving certificates and karbovantsi depository certificates.

Meanwhile, the future may not be so bright. The new draft resolution, recently distributed among the parliamentary deputies, attempts to financially support farmers and agriculture enterprises this year. The draft, which is yet to be approved, reportedly has the signature of NBU Governor Viktor Yushchenko. The draft would write off the farmers' debts.

Yushchenko's signature on the draft likely shows the tremendous pressure applied on him from the powerful agriculture lobby in Parliament. Yushchenko is known to be a supporter of President Leonid Kuchma's economic reform plan and favors the central bank's tough monetary policy.

Economy Ministry on 1995 Coal Industry Performance

WS1906102495 Lvov INFOBANK in English
0842 GMT 19 Jun 95

[From the "News Service" feature]

[FBIS Transcribed Text] Coal industry enterprises have improved their performance in the first quarter of 1995 as compared with December 1994, according to the Ministry of the Economy. An average daily production of coal increased by 29,500 tonnes (12%). Domestic fuel supply increased by 14.7 percent as compared with the planned level. The coal industry shipped 8.6 million tonnes of coal to enterprises of the energy sector, 4 million tonnes to the coke-production plants, and 316,000 tonnes to the transportation sector. Yet the industry supplied 1.5 million tonnes of coal less to public utility and household consumers, mainly due to their inability to pay.

As compared with the first quarter of 1994, the volume of coal production decreased by 13.9 percent in the first quarter of this year. The production plan was fulfilled only by 93 percent. Furthermore, in the first quarter of 1995 Ukraine exported only 551,000 tonnes of coal as compared with the previously planned level of 1.97 million tonnes. The Ministry of the Economy believes that the crisis in the coal industry was caused by an outdated payments system, lack of a sound mechanism of wholesale price formation, overall mismanagement, insufficient budgetary support and shortages of vital inputs. The procurement of mining equipment for the industry suffered a 12-fold decrease during the recent years.

Land Committee Chairman Details Reform

WS1606122095 Kiev SILSKE ZHYTTYA in Ukrainian 10 Jun 95 p 4

[Interview with Professor Pavlo Haydutskyy, corresponding member of the Ukrainian Academy of Agrarian Sciences and chairman of the Ukrainian State Land Committee, by Olha Marchuk; place and date not given: "Reform: We Are Expecting Profound Changes" — first paragraph is SILSKE ZHYTTYA introduction]

[FBIS Translated Text] **To implement the president's edict "On Urgent Measures To Accelerate Land Reform in Agricultural Production," the Ukrainian State Land Committee has drafted several documents to specify measures for implementing reform. Professor Pavlo Haydutskyy, corresponding member of the Ukrainian Academy of Agrarian Sciences and the Ukrainian State Land Committee chairman, has provided a UKRINFORM correspondent with details.**

[Haydutskyy] Land reform will generate an owner who will take advantage of scientific-technical potential in various ways. When a rural resident feels that he is a landowner, he will also change his attitude toward the land. To efficiently manage land, he will find such resources and technologies that are now impossible to imagine; he will assess and implement his opportunities in a new way.

[Marchuk] So, are collective forms of land management ruled out?

[Haydutskyy] No. They will prevail and this is the objective reality. The point is that laws on ownership are developed in the interests of an individual and their specifics are imposed on him, while laws on land management, as a rule, are specified by the development of the scientific-technical progress.

How a landowner utilizes his portion of land is his own private business. He can join an agricultural partnership (our legislation alone envisages five forms of such partnerships, including joint-stock associations). Not all people want to work in a collective. According to preliminary estimates, however, there will also be quite a few self-employed farmers, between some [illegible] and seven percent of the total number of rural residents. New economic structures — never used before — will develop. What is important is that this will eventually lead to increasing agricultural production and labor productivity, to the targeted land utilization, and to land protection. Hence, it is necessary to properly forecast the course of reform to make it possible for the people to maximally realize their opportunities.

[Marchuk] Many people are anxious to know whether pensioners have the right to own their portion of land.

[Haydutskyy] The answer is obvious: Pensioners are members of agricultural enterprises and they have the right to obtain their share of land.

[Marchuk] To make rural residents owners of land, it is necessary to value it. What was taken as the basis for land valuation?

[Haydutskyy] The Cabinet of Ministers has approved the procedures to value agricultural land and land in settlements. The Ukrainian State Land Committee has drafted Temporary Procedures To Value Agricultural Land and Land in Settlements. When these procedures are approved, it will be possible to value each land plot.

It is very important to not devalue land. If the price is overestimated — the price is set too high — rural residents will even be afraid to consider it. Therefore, I believe that valuation has to meet potential demand and supply, has to take into account genuine prices for agricultural products, our land productivity, genuine wages [realnaya zarabotnaya plata], and solvency. World expertise in land valuation, however, was taken as the basis for land valuation.

We were guided by exactly these things when we drafted procedures for land valuation. According to preliminary estimates, an average price for a hectare of land will total $3,500-$4,000. The price for land is similar in France. Naturally, not all people will be satisfied with such a price, although we have the best chernozem. Sufficient reserves of chernozem are one thing, but a lack of infrastructure is quite another.

[Marchuk] Is land valuation already being carried out in the oblasts?

[Haydutskyy] Land valuation has been tested in Kiev Oblast. I hope that when experts study procedures and methods for carrying out land valuation, things will progress.

I will comment on procedures of issuing state acts granting the right to collectively own land of collective agricultural enterprises, cooperatives, joint-stock partnerships, including those based on soviet and collective farms, in greater detail. According to these procedures, a labor collective should submit an application to rural or city councils of people's deputies or councils of people's deputies in settlements that are in charge of land. Based on such an application, a commission will be established to specify the land designated for collective ownership. A rayon office for land resources will draft land management plans and provide a detailed description [eksplikatsiya] of land utilization by agricultural enterprises.

When a people's deputy council adopts a decision and based on submitted documents, a state act granting the right to collectively own land will be issued. Every member of a collective agricultural enterprise will obtain a certificate of private ownership of a portion of land. A certificate is evidence of an individual's share expressed in conditional land-register hectares along value lines.

[Marchuk] As regards the introduction of relevant legislative acts, specific agricultural enterprises began to implement reform....

[Haydutskyy] Yes, a few managers alone, however, have dealt with land relations. They do not hurry, because the Land Code does not specify the mechanism for granting the right to own land clearly. This did not suit many people. Therefore, after changes and amendments are introduced in the Land Code, reform will make headway, because land valuation makes it possible to estimate the price of land shares according to their quality.

Naturally, we are not insured against mistakes and miscalculations, there will be additional changes and amendments. Therefore, it is likely better that land sharing is carried out in specific farms and not on a mass scale. I believe that exactly such development of events is positive, because it implies gaining experience.

[Marchuk] Who will have to "push" land reform?

[Haydutskyy] Always and everywhere, any reform was implemented through adopting relevant legislative acts. Specific ways to implement reform — within the framework of the current legislation — will, however, have to be imposed by initiative from below.

[Marchuk] Some 15,000 agricultural enterprises can now take advantage of the right to have a share in land. What will happen if all agricultural enterprises decide to implement reform simultaneously? The state has neither funds nor personnel for such a great campaign, but gradually, beginning with specific enterprises, we will soon cover all regions. I believe there would be quite a few challengers to be the first. When positive changes are introduced in a few first farms that have already undergone land sharing, the process will continue on a mass scale. The people will obviously decide to try to build relations on new principles.

[Haydutskyy] When exactly will land sharing on a mass scale begin?

[Marchuk] Let us try to figure it out: Relevant offices need some six months to value land. As regards feasibility studies, more or less similar time will be needed to specify changes and introduce them in documents. Exactly at the time all those who have an interest in obtaining a share in land will receive a relevant opportunity to do so.

Oil Committee Head Meets With Italian Ambassador

WS1906105495 Lvov INFOBANK in English 0842 GMT 19 Jun 95

[From the "News Service" feature]

[FBIS Transcribed Text] On June 16 at a meeting with Italy's Ambassador to Ukraine Vittorio Surdo — Yevhen Dovzhok, head of Ukraine's State Committee for the Oil, Gas, and Oil Refinery Industries, agreed with the ambassador's proposal that Italian firms take part in international tenders for the construction of oil refineries in the joint stock oil companies LYSYCHANSKNAFTOORHSYNTEZ [Lisichansk Oil and Organic Synthesis], KREMENCHUKNAFTOORHSYNTEZ [Kremenchuk Oil and Organic Synthesis], and NAFTOKHIMIK PRYKARPATTYA [Carpathian Oil Chemicals]. Mr. Surdo emphasized the fact that Italian firms already have significant experience with Ukrainian oil refineries. In 1994 the Italian firm KTIB helped build and put into operation a hydro-purification plant for diesel and aviation fuel with a total yearly volume of 1.5 million tonnes worth 78.5 million USD at the Odessa Oil Refinery. This same the firm is helping to build a plant worth 185.5 million USD for the production of gasoline a the Drohobych HALYCHYNA enterprise. A similar contract has been signed for 68 million USD with the joint stock company KHERSONNAFTOPEREROBKA [Kherson Oil Processing]. Another Italian firm, TECHNIMONT, built a polypropylene plant at the LYSYCHANSKNAFTOORHSYNTEZ with a yearly volume of 100,000 tonnes. The plant is valued at 168 million USD. Recently a contract between the same two parties was signed for the construction of a high-quality heavy oil production plant valued at 40 million USD.

Estimated Crop Expected To Meet Domestic Demand

WS1906102295 Lvov INFOBANK in English 0842 GMT 19 Jun 95

[From the "News Service" feature]

[FBIS Transcribed Text] Forecasts predict that Ukraine's 1995 grain harvest will reach 40 million tonnes. This information was released at a press conference held in Ukraine's Ministry of Agriculture. The wheat harvest is expected to be 18-20 million tonnes. If these predictions prove correct then Ukraine will be fully able to meet domestic demand for grain.

The governmental contract for the purchase of grain in 1995 will be for 10 million tonnes. Payment to be made to agricultural workers for the future grain harvest will be 11 million karbovantsi ($75) per tonne. Taking into account price increases on mineral fertilizers and fuel, the purchase price for grain is expected to be 17 million karbovantsi per tonne.

Belarus

Popular Front Leader Views Election Results

WS1606131095 Minsk NARODNAYA HAZETA in Belarusian 14 Jun 95 p 1

[Interview with Belarusian Popular Front Chairman Zyanon Paznyak by NARODNAYA HAZETA correspondent Syarhey Plytkevich; place and date not given: "One Cannot Win in the Prize-Ring Blindfolded and Fettered"]

[FBIS Translated Text] [Plytkevich] The media, as well as certain politicians and state officials, have announced that the Belarusian Popular Front [BNF] suffered an overwhelming defeat in the [parliamentary] elections. Do you agree with this assessment? Why, in your opinion, not a single BNF member was elected?

[Paznyak] Under the antidemocratic and criminal conditions in which the so-called elections were held, the ruling regime completely "defeated" BNF. Or more precisely, the authoritarian regime defeated democracy. Not a single BNF candidate was elected, moreover, all candidates of democratic parties were blocked, and the elections were invalid in Minsk and other large cities. Of 260 deputies, as few as 119 people were let into parliament, mostly kolkhoz chairmen. No new parliament was elected. The old Supreme Soviet, the nomenklatura-like majority of which supported the 12 April presidential putsch and forcefully disposed of the opposition, is demoralized. It was actually an "overwhelming victory" of the current regime, moreover achieved under the red Bolshevik flag, which is again victoriously fluttering over the House of Government and the former Belarusian Communist Party Central Committee building. Now they can only rule and lead people to a shining future.

One can suffer a defeat in democratic elections, when laws are observed, democratic norms, human rights, freedom of speech, and the constitution are respected, everyone has equal conditions, and executive authorities do not interfere in the electoral process. If, for example, one is sent to a prize-ring blindfolded and fettered, he will certainly lose. If the media are concentrated in the hands of a ruling presidential team, and executive authorities do whatever they want, the ruling regime wins, thus continuing its coup. Those who organized the coup, and are continuing it, are supporting the annexation of Belarus by Russia, destroying our sovereignty, and undermining the foundation of our state.

[Plytkevich] Did the referendum and propaganda campaign conducted by the presidential team, for example the "Hatred" documentary, have any effect on the election results?

[Paznyak] I think that the referendum had no particular effect on the elections, though to a certain degree it activated communist and anti-Belarusian circles. The official propaganda and smear campaign targeted against BNF (the "Hatred" documentary, the president's televised speeches that lasted three hours, etc.) had a strong effect on the election results. After watching the documentary, people who had been either undecided or in a state of apathy, distrust, and indifference voted against BNF candidates. As a matter of fact, the hardcore electorate of both BNF and communists has already been defined. Each of the two sides have approximately 20 percent of the voters. Under democratic and equal conditions, the canvassing should have been aimed at the votes of the remaining 60 percent. In the current conditions in Belarus, the regime secured unilateral predominance of communists, presidential administration officials, and kolkhoz chairmen.

[Plytkevich] What, in your opinion, is a legal way out of the current political deadlock in Belarus?

[Paznyak] The way out of it is to observe the Constitution and laws, implement financial and economic reforms, and, primarily, to conduct domestic and foreign policy based on the national interests of the Belarusian state.

[Plytkevich] How will the BNF act?

[Paznyak] At the latest congress of BNF held on 10 June, we carefully studied and discussed our organization's tasks in the antidemocratic and authoritarian conditions.

Our strategy remains unchanged. It is our national renaissance. In practice, primary attention will be attached to uniting all patriotic forces in Belarus which advocate our state's independence. We must save our fatherland. It will be necessary to disrupt the information blockade by uniting certain Belarusian political elites. At lower levels, we proposed contacts with people and envisioned invigorating our satellite organizations. We are also going to consolidate BNF's organizational core by using the party "umbrella." Particular attention will also be paid to democratic solidarity with democrats from all interested countries.

A new task, which naturally emerged after the regime's consolidation and electoral victory, it to prevent a split within the BNF, prevent the appearance of splinter groups, and prevent actions by the authorities' agents, apathy, disinformation, etc.

Opposition Briefs on Parliamentary Session

WS1606142695 Minsk BELAPAN in English
0653 GMT 16 Jun 95

[FBIS Transcribed Text] On June 15 the parliamentary opposition of the BPF [Belarusian Popular Front] held a press-conference devoted to the results of the extraordinary session of the Supreme Soviet. Earlier the opposition declared that its members would not participate in the session. But having analyzed the political situation in the country it understood that such a step could be interpreted as non-participation in the political struggle. Moreover, Zyanon Paznyak said that the opposition had got to know that the President would strive to make the old Supreme Soviet invalid with the aim to make from the 119 newly elected deputies "his pocket Parliament". If the session had not secured a quorum, the President would have offered to dissolve the old Parliament.

The leader of the Belarusian Social-Democratic Assembly Aleh Trusaw noted in his speech that the Decrees issued by the President and the provisions on the state symbols of Belarus are not valid from a juridical point of view, because only the Supreme Soviet can approve the new flag and the new coat of arms. That is why, in fact, the coat of arms "Pahonya" and the red-white-red flag present the state symbolism even now. Commenting on the proposal of the President to reduce the quorum of the Supreme Soviet, Uladzimir Zablotsky declared that in this case one quarter of the Parliament would be able to solve questions of vital importance — it cannot be recognized as normal. From the point of view of Mr. Zablotsky, by the means of its negative decision the Parliament managed to preserve the basic principles of the Constitution.

Touching upon the economic position of the country, the participants of the press-conference remarked that hopes connected with the Customs Agreement signed with the Russian Federation had not been realized. According to the forecasts of specialists, in 1995 Russia will extract 30 billion tons less oil than it is dictated by its needs. That is why Belarus can hardly count on privilege delivery of sources of energy from Russia. The representatives of the BPF shared at the press conference their plans of further actions. According to Zyanon Paznyak, the Belarusian Popular Front will go on with the policy of the national Renaissance and will promote democratic and market reforms. He presented the following basic moments of Party's activities: to unite the political elite of Belarus on the platform of the Renaissance; to break the information blockade; to establish close contacts with democratic movements from other countries.

Communist Parliamentary Leader Interviewed

WS1906074095 Minsk NARODNAYA GAZETA
in Russian 14 Jun 95 p 2

[Interview with Vasil Novikaw, secretary of the Belarusian Communist Party Central Committee, by Lyudmila Maslyukova; place and date note given: "Our Deputy Is Not as Black as He Is Painted" — first paragraph is NARODNAYA GAZETA introduction]

[FBIS Translated Text] **There are 28 Communists among the 119 new deputies to the Belarusian legislature. According to the Belarusian parliament's regulations, the party has thus obtained the right to form a parliamentary faction, and the Central Committee Bureau has commissioned Vasil Novikaw, secretary of the Belarusian Communist Party [PKB] Central Committee, to do so. In the Orsha constituency, he won over 73 percent of votes, with voter turnout exceeding 70 percent. On the eve of the old parliament's session, Vasil Novikaw responded to several topical questions.**

[Maslyukova] What is your attitude toward the idea of "putting into operation" the new Supreme Soviet by reducing the requirements for a quorum to two-fifths of the total number of deputies?

[Novikaw] In our opinion, only one thing is legal, just, and natural — the second round of elections, which should be scheduled for November. I am not attracted by the idea of acquiring powers of a Supreme Soviet deputy in an easier way — by adjusting the law to momentary needs. To have the highest legislative body act with a reduced number of deputies [those elected in the first round) is insufficient. If the Supreme Soviet considers that it is essential to engage the new lawmakers in urgent matters, the Communists are ready to work hard and responsibly.

[Maslyukova] Do the Communists believe that the current limit of voters' turnout should be lowered? Is it possible, in your opinion, to apply an amended electoral law to the results of the May electoral race?

[Novikaw] Unequivocally, no. This would be a violation of the principle saying that the law is not retroactive. In general, the Communists believe that one should not indulge oneself. We prefer popular elections in which candidates would win vast support among the people, and not force their way to parliamentary seats by devious ways.

[Maslyukova] You are one of the leaders of a party, which represents, along with Agrarian Party members, an overwhelming majority in parliament. Are you going to vie for the office of Supreme Soviet chairman?

[Novikaw] In this regard, the Central Committee Bureau has made a special decision. Even if the new Supreme Soviet is "put into operation," it will make no sense to elect its chairman, but there should be an acting chairman, at best. But even in such a case, I am not going to become an acting chairman. It is currently too early to "divide portfolios." An acting speaker and, perhaps, his two deputies representing, naturally, leading parties, as well as a secretariat and a minimum number of commissions most important for our Republic's life would be enough to get down to business.

[Maslyukova] The press, particularly SOVETSKAYA BELORUSSIYA, has warned that the Communists will allegedly abolish the presidential office, and are basically set for an uncompromising battle with everything and everybody....

[Novikaw] This is an open and gross lie. Instructed by politicians who were defeated in the elections, journalists are carefully molding a propaganda myth about a "bellicose" Communist faction. Our deputy is not as black as he is painted. We are set out to actively cooperate with [Belarusian President] Alyaksandr Lukashenka. We are not blind to political realities. Although our opinions on the state's structure are different than those of other people, one must be a fool to disrespect the fact that the people are following the president. Moreover, we believe that this fact opens many possibilities of arranging our relations with the executive branch — after all, the same voters who voted for Lukashenka elected us to the Supreme Soviet. Of course, this does not mean that there will be no discussions and disagreements. But I am officially stating, as the leader of the PKB faction in the Supreme Soviet, that the Communists are not going to stage boycotts, protests, or spectacular hunger strikes. We have had enough of this circus.

[Maslyukova] What will be your first steps if the first session of the Supreme Soviet of the 13th convocation is held in the immediate future?

[Novikaw] First, we will abolish all shameful privileges former deputies adopted for themselves, and draft a law on dismissing deputies. I personally promised this to my voters. By the way, I assume all 119 elected deputies gave similar guarantees. So our first steps will verify whether our words are worth something. Then, of course, we will have to tackle the most important and difficult issues — the economy, finances, industry, and agriculture.

[Maslyukova] What are your current duties as faction leader?

[Novikaw] We will soon convene our deputies, and discuss actions for the immediate future. We are preparing a number of proposals for a parliament meeting, whether it is held in a few days or in the fall. We are conducting consultations with the Agrarians, since they and we have a decisive word. We would like to compare our positions with those of the president, but this is hardly doable now. I think it would be reasonable to invite new deputies to the upcoming extraordinary meeting of parliament, but it is not we who will make a decision in this regard, as the saying goes. To put it briefly, after the exhaustive electoral race, a no less intensive preparatory work has begun. I did not have time to notice a recess between the two events.

Cabinet Approves Report on 1994 Budget Deficit

LD1706115495 Minsk Radiostantsiya Belarus International Service in Belarusian 1800 GMT 16 Jun 95

[FBIS Translated Text] The Belarus Cabinet of Ministers has approved a report on the use of the republican budget for 1994. Expenditure considerably exceeded income and amounted to 709,085.9 million rubles. The report has been sent to President Alyaksandr Lukashenka for presentation at a sitting of the Supreme Soviet. But who will approve it is not yet known — the former parliament or the new one which has not yet been elected.

Moldova

New Russian Commander Arrives in Dniester

LD1606171095 Moscow ITAR-TASS in English 1657 GMT 16 Jun 95

[By Valeriy Demidetskiy]

[FBIS Transcribed Text] CHISINAU, June 16 (ITAR-TASS) — The plane with the new commander of the Operative Group of Russian Troops in the Trans-Dniester Republic, General Yevnevich, and deputy commander of Russian Land Forces, Colonel General Anatoliy Golovnev, on board, landed in the Trans-Dniester republic only after a second attempt on Friday.

The first attempt ended in a failure, as the runway was blocked with pickets erected by the Union of Trans-Dniester Women. They protested against the resignation of former commander General Lebed.

The plane stayed in the air for several hours, and was finally forced to land at the village of Limanskoye, 40 kilometers away from Tiraspol.

A military delegation instructed to deliver to Aleksandr Lebed the order on his resignation, arrived in Tiraspol by helicopter.

Major General Yevnevich will replace Lebed who came out against the plan of reorganizing the 14th Army, worked out by the Russian Defence Ministry.

Army Commission To Transfer Documents

LD1606142795 Moscow INTERFAX in English 1318 GMT 16 Jun 95

[FBIS Transcribed Text] MOSCOW, June 16 (INTERFAX) — A commission of the main headquarters of Russia's Land Forces has come to Tiraspol on Friday "to render assistance in the transfer of documents" from former commander of the 14th Army Aleksandr Lebed to Major General Valeriy Yevnevich, who will replace him, the press center of Russia's Land Forces reported to INTERFAX.

Colonel-General Anatoliy Golovnev, first deputy commander of the land forces, heads the commission. The commission was created due to the restructuring of the 14th Army in an operative group to command Russian forces in the Transdniester Region.

Plane Carrying Lebed Successor Prevented From Landing

LD1606132595 Moscow ITAR-TASS World Service in Russian 1150 GMT 16 Jun 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Translated Text] Chisinau, 16 Jun — Today a plane carrying General Yevnevich, the new head of the operational group for managing Russian forces in Dniester Region, was unable to land in Tiraspol, because a runway was blocked.

According to the information an ITAR-TASS correspondent received at the headquarters of the 14th Russian Army, pickets of representatives of the Women's Union of Dniester Region were on the runway. They were protesting against the resignation of former commander General Lebed, who had expressed disagreement with the intended reorganization of the 14th Army.

Today the officers assembly of the army also spoke against General Lebed's departure. "It is not a question of General Lebed's personality, but of the explosive situation in Dniester Region and the future of thousands of Russian servicemen," an appeal of the officers assembly to the servicemen of the Russian Armed Forces says.

An ITAR-TASS correspondent was informed that the situation at the airport was exacerbated after the soldiers of the "Dniester" battalion, a Dniester Region state security subunit, tried to drag the women off the runway. A special purpose detachment of the 14th Army also left for the airport. The situation became calmer only after General Lebed, who decided to introduce order personally, arrived at the scene.

Nevertheless, the plane carrying General Yevnevich and a group of officers from the Main Staff of the Ground Forces of the Russian Armed Forces led by Colonel General Anatoliy Golovnev, deputy chief of staff, could not land and flew back to Moscow.

Lebed Denies Receiving Orders To Transfer Command

AU1606144295 Paris AFP in English 1419 GMT 16 Jun 95

[FBIS Transcribed Excerpt] Tiraspol, Moldova, June 16 (AFP) — Hundreds of women successfully prevented a plane carrying the successor to populist Russian Army General Aleksandr Lebed from landing here by gathering on the airport's runway, airport officials said.

The plane, which was bringing Valeriy Yevnevich to this capital of the self-proclaimed Dniester republic was forced to turn back to Moscow after more than 200 women assembled on the runway to protest the replacement of Lebed as head of the Russian 14th Army in eastern Moldova.

There was no indication of how or when Yevnevich would return, but the women had dispersed by late afternoon.

Lebed, 44, a hugely popular figure in the army and in the republic whose Russian-speaking majority he backs, was relieved of his duties by Russian President Boris Yeltsin Wednesday following disagreements over the army's future and his outspoken criticism of the Moscow leadership.

But locals in the Dniester republic have opposed the dismissal, and on Friday army forces prevented police from removing the activists, led by Svetlana Lymar, from the runway.

Lebed himself was present at the airport Friday and said: "The aerodrome belongs to the Russian Army and only Russian forces can bring order there."

However, he also told AFP that he was ready to "hand over his powers to his successor," but said he had received no official document on the transfer of command. [passage omitted]

Lebed Warns of Possible 'Plundering' of Arsenal

AU1606194795 Chisinau INFOTAG in English 1740 GMT 16 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG 16/6/1995 — The former commander of the Russian 14th

Army, Lieutenant General Aleksandr Lebed, returned to Tiraspol Thursday, 15 June, night to pack things. His resignation report was signed two days earlier by Russian President and Commander-in-Chief of the Russian Armed Forces Boris Yeltsin.

As was already reported by INFOTAG, Lebed was planning to come back to Tiraspol Thursday afternoon, but could not do that due to alleged technical damages at the Chkalovsk military airdrome (near Moscow.) Therefore he had to take a regular civil airplane, and arrived at Chisinau late at night — as a private person. "It is funny to hear about one's own resignation from television. Nobody notified me officially, and I have no resignation documents on hands. When I receive them, I will leave," he said.

Asked by journalists what he would like to advise to his successor, Lebed replied briefly: "No pieces of advice."

He expressed anxiety about the fate of the huge weaponry arsenal in Dniester. No political decision has been taken yet about the weapons, and, in his belief, they may be plundered. "There are such precedents in history. In 100 percent of cases they lead to wars. This is a delayed-action bomb. I have brought peace to that land with a sword. There is not a single ruined home on my conscience, and thank to what we did in 1992 dozens of thousands of people remained alive. I stand up for a legitimate, civilized solution of the problem, and I do not want to leave a war here after my departure. So, I will continue solving the problem, but not as an army commander. Yes, this is in my plans."

Answering INFOTAG's question about his future occupation, Lebed replied, "employment matters do not trouble me so far."

Aleksandr Lebed expressed regret that he had failed to meet with Boris Yeltsin, "who finds time to speak to captains, but cannot spare 10 minutes to talk with a general."

Lebed said he had been summoned to Moscow "to report on the Dniester situation to the Security Council secretary, who is absolutely ignorant about Dniester affairs and was absorbing the information as a sponge, so as not to look like a full idiot at his next day's meeting with the Russian president."

The officers of the Russian 14th Army expressed protest against Aleksandr Lebed's resignation. They distributed an appeal to officers of the Russian Armed Forces calling "to condemn the arbitrary rule." "Our military honor does not allow us to perceive silently and resignedly the news about General Lebed's resignation. We are not rebels, but between honor and loyalty we chose honor," the document reads.

Observers in Tiraspol have interpreted the officers' action as a factual disobedience to the Russian Defense Ministry. They do not rule out that a response measure of the ministry may be reduction of the officer staff, which may force the servicemen to join illegal armed formations in Dniester.

The Women's Committee for Defense of Dniester, headed by its chairperson Svetlana Migulea, serving in the 14th Army, blocked the runway of the Tiraspol military airdrome today. Thus, they have prevented the landing of an aircraft with the new army commander, Major General Valery Yavnevich. Having circled over the city for some time, the aircraft headed for Limanskoye (reserve military airdrome in Ukraine.)

Our Dniester sources reported that the elite Tiraspol Battalion called Dniester was brought up to the airdrome and undertook an attempt to deblock the runway. However, the Dniester guardians were opposed by a special-purpose Battalion of the 14th Army.

Only thank to the self-control shown by both opposing sides, armed confrontation at the airdrome has been avoided.

P.S. Later General Yavnevich came to Tiraspol by helicopter.

14th Army Officers Protest Lebed's Dismissal

AU1706170395 Chisinau BASAPRESS in English 2016 GMT 16 Jun 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 16/6/1995 — The 14th Army officers made public a statement to all Russian Army officers today. They protest against the Russian Supreme Command's decision to discharge [Lieutenant General Aleksandr] Lebed and fire him from the Army. "Our honor as officers does not allow us to submit to this decision, all the more so as the 14th Army and its command's fate is watched closely by millions of people. We deem it necessary to emphasize that it is not about the personality of General Lebed, who has undisputable merits, but about the fact that we share his assessment of the situation in the region, where 10,000 Russian citizens have become overnight hostages of someone's ambitions. Forgetting about civilized approaches, the Dniester dispute settlement and settling accounts with the inconvenient General Lebed, the Russian defense minister has actually scored a Pyrrhic victory." The officers say that Lebed is fired "through serious violations of laws" and wonder "if the law and social security is inoperative in the case of General Lebed, what should an ordinary officer expect in our law-governed state?"

General Lebed arrived in Chisinau by air yesterday. At a news conference held at the airport Lebed told the reporters that he will pass over his duties as the Moldova-based Russian troops commander to General Yavnevich only when he is official notified about his discharge. "My main task is not to let Dniester fall in a state of war," said Lebed. He pointed out that the fate of the 14th Army equipment and ammunition was not decided upon yet. According to him, the Dniester region evolves to such a situation when the equipment will be stolen. "Similar situations in other CIS countries always resulted in wars. I wish I were wrong," concluded Lebed.

Popov Against Exaggerating Lebed's Resignation

LD1606183095 Moscow INTERFAX in English 1619 GMT 16 Jun 95

[FBIS Transcribed Text] CHISINAU, June 16 (INTERFAX) — Moldovan Foreign Minister Mikhail Popov told a press conference in Chisinau today that "possible consequences of the resignation of Lieutenant General Aleksandr Lebed as the commander of the Russian 14th Army should not be exaggerated."

Nevertheless, Popov said the armaments problem stated by Lebed really exists. Popov said Moldova is concerned about the problem.

Popov said, "Lebed have [as received] been managing to keep the armaments locked. Let's hope that his successor will do the same. The armaments belong to Russia and Russia is the only country on whose territory the armaments must be stored."

Popov said that when resolving the 14th Army problem Moldova proceeds from the Moldovan-Russian agreement on troop withdrawal in three years signed in October 1994. He said the Moldovan and Russian leaders would focus on the troop withdrawal and settlement of the Transdniester conflict at their summit in Moscow in late June.

When asked how he assesses the statement of the 14th Army's officers protesting Lebed's resignation, Popov said, "Order should always be present in the army. The Russian leaders have the authority to ensure such order in the army."

Snegur Denies Lebed 'Second Chechnya' Warnings

AU1606184295 Chisinau INFOTAG in English 1920 GMT 15 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG, 15/6/1995 — President Mircea Snegur has refuted statements made by Aleksandr Lebed recently that Moldova may become a second Chechnya.

In his interview with channel TV-5 of France, he stressed that the Dniester settlement and the 14th Army withdrawal are two different problems, which should be solved separately. In his opinion, the constructive achievements made at the Moldovan-Dniester summit on 7 June allow to hope that the Dniester dispute may be settled by the end of this year. As for the 14th Army, its withdrawal will be discussed with President Boris Yeltsin in late June.

Mircea Snegur spoke for Moldova's integration into European structures. Thank to its favorable geographic location and membership in the CIS Economic Union, Moldova may become a linking element between the West and the East.

Among economic problems, Snegur emphasized ties with former Soviet republics, which have not yet been restored according to market economy laws. He named them "temporary difficulties," and pointed out that the low inflation level, stable national currency, completion of privatization program in 1996, the final price liberalization, and some other reforms indicate that Moldova is already "behind the equator in the transition period."

Moldovan Parliament Chairman Petru Lucinschi believes that Lebed's resignation should not have fatal consequences for the further development of the situation in the Dniester region. Lucinschi said to INFOTAG that "the army commander appointment and dismissal is in the competence of the Russian authorities, and Moldova should not interfere."

"We are interested in having peace and stability in the region, but that depends not only on army commander, but on our joint efforts, on the Dniester status negotiations, in which Russia has been taking part as a mediator," the speaker remarked.

"In the long run, the army serves not for its commander, but for the people and Russia's interests. I am convinced, the new commander will observe the principles agreed upon in the Moldovan-Russian Army Withdrawal Agreement," Lucinschi said.

Kazakhstan

President Ratifies Border Agreement With China

LD1606184595 Almaty Kazakh Television First Program Network in Russian 1400 GMT 16 Jun 95

[FBIS Translated Text] By edicts issued by Kazakh President Nursultan Nazarbayev, the Agreement between the Republic of Kazakhstan and the People's Republic of China on the Kazakh-Chinese state border, and the Treaty On Creating a Single Economic Space between the Republic of Kazakhstan, the Republic of Kyrgyzstan, and the Republic of Uzbekistan, have been ratified.

Nazarbayev, Turkish President Visit Southern Areas

LD1806143595 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 14 Jun 95 p 1

[FBIS Translated Text] KAZTAG — On 14 June, President Suleyman Demirel of Turkey and President Nursultan Nazarbayev were in the South Kazakhstan region.

They visited the mausoleum of Hoja Ahmad Yassawi in the town of Turkestan, and showed interest in the course of the restoration of this old and unique building. Reinforcement of the foundations has been fully completed, and the next cycle has begun with the help of Turkish specialists. All restoration work is scheduled to be completed by the end of next year.

The heads of state prayed in the burial vault of the mausoleum and signed the honored visitors' book.

Then they participated in the ceremony of laying the foundations of a new bloc of the building of the Hoja Ahmad Yassawi International Turkish-Kazakh University. N. Nazarbayev said in a speech at this solemn ceremony that if society thinks about its future, it must take care to prepare highly educated cadres. The international university will serve this purpose, and Turkey has taken upon itself the task of building it.

In turn S. Demirel said that young people not only from Kazakhstan and Turkey but also from the states of Central Asia and other Turkic-language countries will study at this university. He also added that the construction of the university will require the expenditure of $65 million and that $10 million have already been allotted for the first stage of construction.

The leaders of the two states cut a ribbon at the site of the future academic campus, to the applause of those present.

A meeting between the presidents and the teaching and professorial staff of the Turkish-Kazakh University created an impression. It was said there that the institution was established in 1991 by decree of the president of our republic. At present, almost 10,000 students are studying and about 1,000 lecturers are working there. Branches of the International Ecological Academy and of the Research Institute of the History of Kazakhstan's Peoples and Ethno-Philology are functioning at the university. It has a number of departments and colleges in other districts of the region. After the construction of the new bloc is completed, more than 20,000 students will study here.

At the meeting, S. Demirel was made honorary professor of the university.

In the second half of the day, the leaders of Kazakhstan and Turkey visited the tree park. S. Demirel planted a tree here, in the presidential avenue.

The heads of state also visited an equestrian complex at the Chimkent Pedagogical Institute of Physical Culture. Future specialists in national types of equestrian sports demonstrated their skills to them. The Turkish president was presented with a steppe pedigree racehorse.

In the evening, the delegation from Turkey led by S. Demirel flew to Ankara from Chimkent. The honored guest was seen off by Nursultan Nazarbayev; Deputy Prime Minister Akhmetzhan Yesimov; Nurtay Abykayev, head of the presidential apparatus; and other officials at the local airport.

Briefing Held on Demirel Visit

LD1806130295 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 14 Jun 95 p 1

[FBIS Translated Text] Vyacheslav Gizzatov, deputy minister of foreign affairs of the Republic of Kazakhstan, held a briefing on the results of the official visit Turkish President Suleyman Demirel paid to our country. The heads of diplomatic and international missions accredited in Almaty were invited.

First, this important political event was assessed. Gizzatov underlined that the visit was convincing evidence of the further development of relations between Kazakhstan and Turkey. It is deeply symbolic that the head of this friendly state was visiting in the period after the nationwide referendum, in which the people of Kazakhstan expressed a high degree of belief in their president. Diplomats noted with a sense of deep satisfaction the friendly relationship between our countries and the highly intensive contacts at both the top and executive level that arise out of community of culture, history, and language, which goes back deep into ancient times.

As large Eurasian states, Kazakhstan and Turkey are in favor of accelerating the process of establishing close mutual ties between the countries on the continent. Our countries are, for example, cooperating within the framework of the United Nations, the Organization for Security and Cooperation in Europe, the Economic Cooperation Organization, and other international forums. We also support each other on various regional and international matters, in particular on the question of integration in the Eurasian zone and the creation of an atmosphere of trust and stability in Asia.

There are considerable prospects for cooperation in this regard. Turkey, which is closely connected with the European Union countries, and Kazakhstan, which plays an important role in the CIS, can contribute to cooperation between the two large political and economic formations in Eurasia. The active involvement of Kazakhstan and Turkey in peacekeeping processes in world trouble spots is more evidence of the authority of our states.

Turkey's experience in constructing a democratic and secular society may serve as an attractive example for new countries in the region. Kazakhstan's leadership is devoted to common world democratic values and acts primarily on the basis of the interests of the country's people. The sociopolitical stability and interethnic accord that exist in Kazakhstan represent a reliable guarantee for the dynamic progress of democratic and social economic reforms ultimately aimed at constructing a law-based state with a socially oriented market economy.

During the talks, which took place in a friendly and constructive atmosphere, the heads of the two states briefed each other on the political and economic situations in their countries and exchanged views on the entire range of matters in Kazakh-Turkish relations, as well as topical international and regional problems. For example, Turkish President Demirel voiced support for Nazarbayev's initiative to set up a conference on interaction and confidence-building measures in Asia. He also supported Kazakhstan's stance on an equitable settlement to the issue of the Caspian Sea's status.

The Kazakh side expressed satisfaction with the customs union with the European Union, which is very important for Turkey, since the process of Turkish integration with Europe is in Kazakhstan's interests in view of the close ties between our countries.

The Turkish leadership confirmed its intention to continue to support the economic and structural reforms being conducted in Kazakhstan as far as it can, for which the Kazakhstan side expressed its gratitude.

A joint declaration on further developing and deepening cooperation between the Republic of Kazakhstan and the Republic of Turkey, which will become a new landmark for political and economic cooperation; an agreement between the Republic of Kazakhstan and the Republic of Turkey on legal aid for civil cases; a contract between the state energy company Kazakhstanenergo of the Ministry of Power and Coal of the Republic of Kazakhstan and the Siemens BMB-Bobkok [name as transliterated] consortium for the construction of a 954-megawatt power station near the city of Aktyubinsk; and other important documents were signed during the visit.

As of today, the total volume of joint economic projects amounts to about $1 billion. More than 50 agreements were signed envisaging the further development of multifaceted partnership.

The activity of the Kazturkmunay joint venture, to which the Turkish leadership assigns great importance, may serve as an example of large-scale interstate cooperation based on direct Turkish investments. In its two years of operation, a great deal of work has been done to develop oil deposits in Kazakhstan, and capital investments of $110 million have been put into action, with another $80 million or so planned by the end of 1995. All in all, it is planned to increase the volume of capital investments to $500 million.

There are a considerable number of other examples of successful joint business and fruitful contacts in various spheres of activity.

The leadership of Kazakhstan considers that this visit will make it possible to lend greater dynamism to our multifaceted cooperation.

Kazakh-Russian Talks Held, Accords Signed

LD1906081495 Almaty Kazakh Radio First Program Network in Russian 0600 GMT 19 Jun 95

[FBIS Translated Text] The press service of the Kazakh Cabinet of Ministers reports that another round of Russian-Kazakh talks took place in Moscow on 13-16 June.

The topic of the meeting of expert and government delegations included completing the first phase of measures to create a customs union between Belarus, Kazakhstan, and Russia, financial and economic aspects of cooperation, regulating and structuring payments and mutual debts, the problem of leasing the Baykonur space launch site, and others.

As a result of the talks, an agreement on the status of the town of Leninsk — on the procedure of forming its main executive authorities, and the status thereof — has been initialled, and an inter-governmental agreement has been signed on the main principles of trade and economic cooperation for this year, as has a protocol on introducing a single procedure and tariff regulation for external economic activities.

A protocol has also been signed on the working meeting of the delegations from the Republic of Kazakhstan and the Russian Federation on setting up the customs union, which schedules the next meeting for July 1995 in Almaaty, and envisages the completion of the first phase by that time.

Leninsk Town Put Under Russian Jurisdiction

MK1706110095 Moscow KOMMERSANT-DAILY in Russian 17 Jun 95 p 1

[Report by Aleksandr Koretskiy: "Russia-Kazakhstan Relations. Kazakh Town of Leninsk To Become New Federation Component"]

[FBIS Translated Text] The town of Leninsk, in Kazakhstan, whose residents keep the Baykonur space center functioning, may become as of 1 August the 90th component of the Russian Federation. An agreement to this effect was initialed yesterday by Russian Vice Premier Aleksey Bolshakov and Kazakhstan First Vice Premier Nigmatzhan Isingarin. The town and the adjoining land will become part of Russia for at least 20 years — the duration of the space center's lease. Under this arrangement, Leninsk will regain "closed" town status.

The intergovernmental agreement on Leninsk's transfer to Russian jurisdiction calls for, among other things, a 100-percent financing of the town out of the Russian state budget. One would think this is not going to hike Russian spending too much: both Leninsk and Baykonur have been getting 94 percent of their funds from Russia since 1992 anyway. Moscow, however, undertakes not only to maintain but also to develop the infrastructure of the town and of two nearby Kazakh settlements.

The passing of Leninsk into Russian hands, in Aleksey Bolshakov's words, will not require a repeat registration of the town's existing commercial enterprises. Nor will clerical work change — it is conducted in Russian, as before. At the same time, Moscow promises an altered living standard for Leninsk residents — as soon as early August, they will be paid their wages and pensions in Russian rubles. The Kazakh tenge is not going to be withdrawn from circulation — Leninsk will officially become the CIS's only multi- currency town. The way economic relations between Leninsk, which lies nearly in the heart of Kazakhstan, and Kazakhstan's oblasts are to be regulated in practical terms, however, will become known on 1 August. The governments of the two countries are to have signed by that time about 30 documents regulating the town's life.

President Nazarbayev Meets Russian Patriarch

LD1606193995 Moscow ITAR-TASS in English 1935 GMT 16 Jun 95

[FBIS Transcribed Text] ALMATY, June 16 (ITAR-TASS) — Kazakh President Nursultan Nazarbayev met the visiting Patriarch of Moscow and all Russia Aleksiy II on Friday [16 June].

During a long conversation the Kazakh president noted that the visit of the patriarch to Kazakhstan was of great importance both to the orthodox believers and representatives of other confessions in Kazakhstan. Nazarbayev said that the Kazakh leadership is doing its best to enable the residents of the country to reach prosperity and lead a worthy life regardless of their nationality and religion.

In fact, at issue are the relations between the Kazakhs and the Russians whose friendship is rooted deep in history, Nazarbayev said. In recent years, the state has taken much care of the believers, with many mosques and churches being built in towns and villages.

Nazarbayev highly praised the role played by the Russian Patriarch in the revival of religion and his peace-keeping efforts both within the CIS and in the international arena.

For his part, the patriarch pointed out that peace and accord between the people was the way to their prosperity and strengthening the CIS. The patriarch positively assessed the idea of integration suggested by the Kazakh president, and in particular, his ideas of the creation of the Eurasian union.

The president and the patriarch stressed the importance of offering resistance to all kinds of sects which often pursue extremist goals which have nothing to do with genuine religious values.

Aral Sea Problems Discussed With UN Envoy

LD1606184495 Moscow ITAR-TASS in English 1639 GMT 16 Jun 95

[By Yesenkul Bekbulatova]

[FBIS Transcribed Text] ALMATY, June 16 (ITAR-TASS) — Kazakh President Nursultan Nazarbayev met representative of U.N. Secretary General Elizabeth Dawdswell today to discuss the ecological situation on the Aral sea.

"The ecological catastrophe of the Aral sea is the result of inconsiderate interference in the laws of nature by man which caused one of the worst calamities faced by the mankind," Nazarbayev said. "The worsening of the ecological situation has caused tremendous social and economic damage not only to the Aral region, affecting the health of the local population, but to countries remote from the area of the catastrophe," Nazarbayev said.

He regards Elizabeth Dawdswell's trip to the Aral and the Caspian seas as a sign of concern expressed by the world public over ecological problems faced by Kazakhstan. The president said that these problems can be resolved by joint efforts made by many states and international organisations.

Secret Police Investigate Gasoline Sabotage

LD1706164395 Almaty Kazakh Television First Program Network in Russian 1100 GMT 17 Jun 95

[FBIS Translated Text] Gasoline produced from oil is expensive these days, but what can drivers do if it is of poor quality? Our correspondent reports.

[Begin recording] [Unidentified correspondent] We have arrived! The hearts of the drivers at Second Aktuybinsk Bus Depot have sunk. This choir of deep male voices has been joined by the crew of the First Bus Depot as well as the drivers of the Martuk District Auto Transport Depot. The reason for so much unanimous action is the poor quality of gasoline.

[Unidentified driver] I stopped and started the engine, then it started to ping. I stopped it again; it seemed the cylinder and spark plug were OK....

[Correspondent, interrupting] Was the gasoline really to blame, or could the bus have broken down?

[Driver] It is probably the gasoline. What else could it be? What else is there? I have worked here for years, and a gasket used to last a year. This one lasted only one trip, and then the gasket burned out.

[Correspondent] The old communist days seem to have returned, when poor quality output slopped off the conveyers at the end of each month, quarter, and year. You can imagine what this sabotage has led to: Almost the entire bus network has ground to a halt in the Aktuybe region. Little more than a quarter of the buses on 45 routes are starting off today. Just now I mentioned the word sabotage. Anything can happen in our troubled times. The National Security Committee is investigating the Atyrau oil refinery. They will find the saboteurs, just wait and see. [end recording]

Kyrgyzstan

Otunbayeva: Interest in NATO 'Pragmatic'

LD1706112595 Bishkek SLOVO KYRGYZSTANA in Russian 14 Jun 95 p2

[Interview with Foreign Minister Roza Isakovna Otunbayeva by SLOVO KYRGYZSTANA correspondent O. Dyuzenko after her return from a NATO meeting in the Netherlands; place and date not given]

[FBIS Translated Text] [Dyuzenko] Roza Isakovna, given that the Partnership for Peace program was developed on the initiative of a NATO member, the United States of America, specifically in order to look after the socialist-camp countries left neglected after the Warsaw Pact collapsed, is it possible to view it as an incubator in which future NATO members will be nurtured?

[Otunbayeva] The issue is different. Left without their security bloc, the countries of the CIS and Eastern Europe found themselves alone with their problems, and with a path of development that was likely to be unpredictable. As they searched for a place in a security system, they were inevitably going to be transformed, but into what? What conglomerate were the five Central Asian republics to do obeisance to? A vast area, in some places crammed with nuclear weapons, was left unattended.

By joining the Partnership for Peace program, they gained an opportunity to cooperate with each other and rid themselves of the fear of war, which is unavoidable in isolation. Participation in this program does not mean participation in the military bloc, or the extension of it. It means, rather, expansion of the borders of the security and stability zone.

[Dyuzenko]) But Kyrgyzstan is far from being part of Europe.

[Otunbayeva] We are, however, linked to it through the CIS. One and a half centuries of shared history with Russia have not gone by without leaving their mark on us. And although our relations are not going through the best of times at the moment, no one has been able to beat the goodwill the CIS people feel for Russia or take its place in the republics.

[Dyuzenko]) We are spiritually closer to Europe, and we are therefore moving toward the European security bloc?

[Otunbayeva] Exactly. It was on this topic that I focused my address in the Netherlands. Our region is far from being a lightweight appendage of the North Atlantic security zone. On the contrary, as members of the Partnership for Peace program Kyrgyzstan and the other Central Asian countries are a kind of advance post of Europe and Asia.

A whole conglomerate of Eurasian countries is attaching itself to the North Atlantic security belt. The zone of stability has begun to expand.

In geographical terms we are in Asia, and this is the place under the sun which God has set aside for us. We will have to lay roads to the southeast, engage in trade, and cooperate fully in this world, of which we sometimes know little. It is a region that is like a seething cauldron. The Afghan military hotbed and the Tajik problem are nearby. It is an unstable world of immense overpopulated countries, variously oriented military doctrines, huge armies, and even nuclear weapons — India, China, Pakistan, Iran, Indonesia, Japan.

As members of the CIS Collective Security Council, we three countries — Kyrgyzstan, Kazakhstan, and Uzbekistan — are also organizing military technical cooperation. In Chimkent our heads of states agreed to set up a common peacekeeping battalion. We are moving step by step from subregional to continental stability and security.

[Dyuzenko]) Would it not be easier to join NATO and enlist the support of this mighty bloc?

[Otunbayeva] We do not put the question that way. We have had enough provocative conjecture about the establishment of a NATO military base on the territory of Kyrgyzstan.

Our aim in participating in the NATO program for the former socialist camp is different. We need to go out into the world and raise ourselves to the level of the military outlook held by developed countries. We have never had an army of our own, and we have no military experience and nowhere to train personnel. Thanks to Partnership for Peace we have gained an opportunity to form our own armed forces, albeit small ones, in a coherent way, to have a look at the technical level of armament of other countries' armies, and to train the personnel. It is important that we learn to understand other countries and to speak the common language of modern realities.

Our interest in NATO is purely pragmatic. Both our country and the whole world will profit from it.

[Dyuzenko]) What will we gain?

[Otunbayeva] The program demands that our military doctrine be transparent, and opens up the doctrines of NATO member countries and Partnership for Peace participants to us. It also allows our units and observers to take part in their military exercises. We can train our peacekeeping forces jointly, borrow experience of handling natural disasters, and improve our own systems for rapid reaction to emergencies.

And what about clearing up tailings dumps? Scientific and technical cooperation would help us to solve these problems.

In short, we are a new country and we need to learn and to open up new worlds avidly. There has been enough provinciality and isolation. We have fallen behind as it is; we have only just started mastering computers and learning languages.

The Soviet Army was powerful and in some senses unimprovable, but it was isolated from the rest of the world. We need to take everything useful from everywhere and develop the kind of armed forces that are capable of coming to the assistance of others as part of peacekeeping forces.

29.5 Million German Marks Allocated To Aid Economy

LD1706163195 Bishkek Kyrgyz Radio First Program Network in Russian 1130 GMT 17 Jun 95

[FBIS Translated Excerpt] Germany has allocated 29.5 million German marks to render assistance in restoring the economy of Kyrgyzstan. Such were the results of intergovernmental talks on financial and technical cooperation for 1995 between the Federal Republic of Germany and the Kyrgyz Republic. Of this sum, 20 million German marks are being granted as a long-term credit, and the rest as a grant for technical cooperation. [passage omitted]

Akayev Hopes Social, Economic Problems Temporary

LD1606190395 Moscow INTERFAX in English 1709 GMT 16 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] The social and economic problems in the country are temporary and there will be a turn for the better in the economy already this year, President Askar Akayev has said. He was speaking at a full-scale session of the war veterans and veteran workers' council and the Peoples' Assembly of Kyrgyzstan ending the celebrations of the 50th Victory anniversary.

President Akayev described the government's policy as correct. At the same time he said he could not promise the impossible. Akayev believes the chief role in the country's life is played not by the state or the government, but by the people, who in times of trouble can mobilize its forces.

President Akayev said that the government would "work a lot" to enhance social security. At the same time he warned that infantile attitudes and the habit of demanding of the government what it could not do should be abandoned. President Akayev described self-reliance, initiative, good work, discipline and order as priorities of the day.

He said the government would extend assistance to the veterans. As of next year they will receive an annual allowance of 1,000 soms ($100) timed for Victory Day. All of the previous benefits for war veterans and veteran workers will be restored.

... AND COUNTS ON NEW BIG LOAN

President Askar Akayev on Friday received the official delegation of the foreign economic cooperation fund led by the fund's president Akiro Nishigaki.

They discussed a new loan to Kyrgyzstan to finance communication projects, including the modernization of the Manas airport. The loan estimated at $40 million will be extended for a term of 30 years at an annual interest of 3% and the deferment of payment for ten years. IF Note: Earlier the international economic cooperation fund had extended two favorable loans to Kyrgyzstan - $60 million in 1993 and $30 million in 1994. Those credits were used to support crucial branches of the economy and compensate for the balance of payments deficit.

Tajikistan

PRC Delegation Signs Economic Accords

LD1706123595 Dushanbe Radio Tajikistan Network in Tajik 0500 GMT 17 Jun 95

[FBIS Translated Text] The PRC delegation which arrived in Dushanbe at the invitation of the Tajik Society for Friendship and Cultural Relations returned home on 16 June. Yesterday the guests visited the Ministry for Economy and Foreign Economic Relations, the (?Goldasht) association and the Rishta collective farm in Lenin district.

The same day the entrepreneurs and the representatives in the government delegation of [word indistinct] signed six agreements in the capital on setting up a joint medical establishment, a clothing factory, a food processing and packaging factory, and a joint photographic concern. During the three days of their visit the Chinese guests proposed 11 programs, some of which should be implemented in the near future.

Russian Envoy Views Ties, Reasons for Emigration

LD1806121695 Dushanbe SADO-I MARDOM in Tajik 10 June 95 p 3

[Interview with Mecheslav Ivanovich Senkevich, Russian Federation ambassador to Tajikistan, by SADO-I MARDOM correspondent — place and date not given]

[FBIS Translated Excerpt] [passage omitted]

[SADO-I MARDOM] The writer Aleksandr Solzhenitsyn has said more than once that Russia does not need Tajikistan, that Russian youths are dying guarding its borders, and that the Tajiks should resolve their political difficulties by themselves.

[Senkevich] The experience that has been built up from previous years has shown that political and economic problems can only be resolved through common efforts and that the reverse is true: the republics cannot overcome their difficulties alone. What country is able to escape the web of crisis? [passage omitted on Russia-Belarus ties]

There are many positive aspects to the political and economic relationship between Russia and Tajikistan. I do not know what Aleksandr Isayevich [Solzhenitsyn] means, or why he does not want us to cooperate. Tajikistan's border is the border of the CIS and we have a right to guard it. In my three years of service here I have become entirely certain that we cannot live without each other.

So there is no doubt that Russian Federation has always been with Tajikistan, or that it will remain so. You may be sure that the Russian Federation will not leave Tajikistan to fend for itself in times of trouble, and will never hurt Tajikistan.

[SADO-I MARDOM] In spite of this Russians and Russian-speakers are leaving Tajikistan. What should we do to halt this emigration?

[Senkevich] This is a very difficult problem. There are certain reasons why Russians and Russian-speakers are emigrating from Tajikistan. For example, from 1989 until now more than 400,000 Russians and Russian-speakers have left Tajikistan for Russia, the CIS, and other countries. The most recent census [1989] showed there were 495,000 of them in Tajikistan.

Of course, they would not leave Tajikistan for no reason. The first of these reasons was the start of the civil war in Tajikistan. A second reason was the deterioration in the social and economic situation.

Although it is not tactful of me to talk about it, the third reason has to be mentioned. Unfortunately, a nationalist trend has appeared here.

It would be better if the Russian language were accorded the status of state language. Then, perhaps, the emigration of Russians and Russian-speakers would decrease.

The Government of Tajikistan is taking measures to put these shortcomings right. The public in Russia was very pleased to hear that a Slavonic University has been opened in Tajikistan by decree of the president of Tajikistan. We hope that a cultural and press center of Russia will also be established in Tajikistan. [passage omitted]

UN Extends Mandate of Observers in Tajikistan

LD1606210395 Moscow ITAR-TASS in English 2045 GMT 16 Jun 95

[BY Boris Sitnikov]

[FBIS Transcribed Text] UNITED NATIONS, June 16 (ITAR-TASS) — The U.N. Security Council has ruled to extend the mandate of the mission of U.N. observers in Tajikistan until December 15 and expressed readiness to extend the control functions of the U.N. mission to the northern part of Afghanistan.

The Security Council called on the warring sides in Tajikistan to agree to a new round of inter-Tajik talks and strengthen measures of confidence agreed upon during the fourth round of the talks. The Security Council also called for the continuation of a political dialogue between the president of Tajikistan Emomali Rakhmanov and the leader of the Tajik opposition Abdullo Nuri.

The Security Council appealed to the UN secretary general, asking him to submit a report about his talks with the Afghan authorities about a possibility of deploying the U.N. personnel in the northern part of Afghanistan.

Rakhmanov Admits 'Tension' With Uzbekistan

LD1906082495 Moscow ITAR-TASS in English 0810 GMT 19 Jun 95

[By Nureddin Karshibayev]

[FBIS Transcribed Text] DUSHANBE, June 19 (ITAR-TASS) — The Tajik president Emomali Rakhmanov has indirectly admitted tension in relations with Uzbekistan over the problem of arms smuggling and drug trafficking.

"We should not dramatize the situation in the relations between the two neighboring states which remain good-neighborly. Problems connected with the prevention of arms smuggling and drug trafficking can be solved and demand coordination between law enforcement bodies of the two countries," Rakhmanov said.

Rakhmanov made this statement at a meeting with a work collective of the "Vostokredmet" enterprise he visited on Saturday as the last leg of his four-day visit to the Leninabad region.

Turkmenistan

President Niyazov Receives UAE Delegation

LD1606170995 Ashkhabad TURKMEN PRESS in Russian 1700 gmt 15 Jun 95

[FBIS Translated Excerpt] Turkmenistan President Saparmyrat Turkmenbashy Niyazov has called the building of an educational center for orphans, which has been undertaken by the United Arab Emirates, noble and charitable. Today, Mohammed Salih Bin Bdewa the minister of excise of the United Arab Emirates [name, position as transmitted], and Khalifa bin Sultan al-Ketbi, Shaykh Khalifa's personnel secretariat manager, submitted this building project to Saparmyrat Turkmenbashy.

This gift, said Mohammed Salih Bin Bdewa during the reception, is the expression of our people's special warmth toward the people of Turkmenistan. In the educational center, everything has been envisaged for the education and upbringing of orphans, beginning from kindergarten age up to entrance into grown-up life. [passage omitted]

A Chinese construction firm will be the contractor on this project, which is valued at $14 million. Next to the educational center, as the guests mentioned, a seven-storey business center will be built, revenues from the lease of which will be allocated to maintain the wards of the educational center.

The president of Turkmenistan conveyed his sincere gratitude to the head of state of the United Arab Emirates for this generous present to Turkmen children. He also thanked his guests, who had come to Ashkhabad on such a humane mission. Saparmyrat Turkmenbashy gratefully accepted an invitation to participate in the ceremonial laying of the foundations of the administrative-educational building of the future center.

Mitsubishi Studies Feasibility of Gas Pipeline

LD1606183195 Moscow INTERFAX in English 1621 GMT 16 Jun 95

[FBIS Transcribed Text] ASHGABAT, June 16 (PIA-INTERFAX) — Japan's Mitsubishi has developed a pilot feasibility study for the construction of a gas pipeline from Turkmenistan to the Yellow Sea. Turkmenistan is the second largest gas producer in the former Soviet Union after Russia.

The Turkmen Oil and Gas Ministry told Interfax that the document was confidential. What is known is that the pipeline is to be 6,800 kilometers long and is to pass through Uzbekistan, Kazakhstan and China, which have already given their consent. The Petroleum Company of China and U.S. Exxon are considering their participation in the project.

In addition to this pipeline from the Sovetabad gas site in the southeast of Turkmenistan to China's eastern coast, either another underwater pipeline to Japan or a gas liquefaction plant on the coast are to be built.

According to Ashgabat, the project will start in 1996-1997 and be completed 2002.

The project is estimated at $10 billion. The pipeline will have a capacity of 28 cubic meters of gas a year. Meanwhile, funding for the project remains in question in as Japan, expected to grant Turkmenistan a credit of $20 million, has not done so yet.

Armenia

'Refusal' To Admit Iran Into Consortium Viewed

NC1606165995 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 1608 GMT 15 Jun 95

[FBIS Transcribed Text] Nakhichevan (JUNE 15) TURAN—The difficulties have arisen between Iran and Nakhichevan after the refusal to admit Iran in the oil consortium, the Chairman of the Parliament of Nakhichevan Autonomous Republic, Namik Hasanov, told Turan agency.

Iran suspended electric energy deliveries to Nakhichevan for the debts totalling $6 million. Nakhichevan received 30 MWt electric energy from Iran every day. Now Turkey continues daily electric energy deliveries to Nakhichevan at 45-50 MWt and local Hydro Electric Station produces 20 MWt. Nakhichevan owes Turkey for the electric energy deliveries two times more than to Iran, however, taking into account the situation in Azerbaijan, Ankara does not demand payment off the debt.

The speaker mentioned that the problem with supply with the electric energy and gas is the most complicated one. Nakhichevan's necessity in electric energy is 130,000-150,000 MWT a year and only 36,000 MWt of them are satisfied at the expense of local production and Turkish deliveries. Moreover, 80-90 percent of all enterprises of the Autonomous Republic suspended their activities. Out of 350,000 population more than 50,000 are unemployed. Basic industrial enterprise - textile plant, carpet factory, canneries, aluminium ware plant and others do not work now due to lack of raw material. At present agriculture has become the main type of activity. Due to the blockade it is impossible to restore the activities of the remaining fields.

In 1994 22,500 hectares were sowed with grains and 20,000 tons of harvest have been picked. In 1995 it is planned to pick 30,000 tons of grain, that makes 40-45 percent of the whole necessity.

Beginning in 1995 great attention is given to production of sugar beet, in exchange of which Nakhichevan receives granulated sugar from Turkey and Iran. Nakhichevan's necessity in sugar beet totals 7,000 tons and in 1995 it is planned to produce 15,000 tons and create the joint venture with Turkey for production of sugar in Nakhichevan.

Round of Negotiations Initiated in Helsinki

NC1706110495 Yerevan NOYAN TAPAN in English 1709 GMT 16 Jun 95

[FBIS Transcribed Text] 16/06/95 NOYAN TAPAN — On June 15, a regular round of Armenian-Azeri negotiations on the settlement of Karabakh problem was initiated in Helsinki. According to the Finnish Embassy to Moscow the talks will last till the end of the week. The parties took a decision not to comment on the course of negotiations until they are finished.

Azerbaijan

Lachin, Shusha Said Main Problem at Karabakh Talks

NC1606150195 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1250 GMT 16 Jun 95

[FBIS Translated Text] As we had already reported, Armenia-Azerbaijan talks are continuing in the Finnish capital Helsinki under the aegis of the OSCE. Deputy Foreign Minister Tofik Zulfugarov is representing Azerbaijan at the talks.

Foreign Minister Gasan Gasanov told the KHABAR SERVICE press agency that Azerbaijan will mainly raise the problems of Shusha and Lachin at these talks. Commenting on the view expressed by Russian Deputy Foreign Minister Albert Chernyshev during his visit to Baku, the minister said that Chernyshev considered it necessary to hold simultaneous talks on the liberation of territory and the status of Karabakh. This proposal used to coincide with the position of [Russian envoy on the Nagorno-Karabakh issue for the OSCE] Kazimirov. However, Kazimirov has modified his position somewhat. He believes that the Lachin problem can be resolved only after ensuring the security of Nagorno-Karabakh.

Asked if the parliamentary elections in Azerbaijan and Armenia could lead to the suspension of the peace process, Gasan Gasanov replied that the talks should continue regardless of the internal political problems of the opposing sides.

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